



JEFFERSON PILOT
FINANCIAL

Helping you write the story of your life.™

Allegiance®
Variable Annuity

Ensemble®
Variable Universal Life Insurance

Annual Report



Jefferson Pilot Variable Fund, Inc.

Fidelity Variable Insurance Products Series Fund

Fidelity Variable Insurance Products Series Fund II

MFS Variable Insurance Trust

Oppenheimer Variable Account Funds

Templeton Variable Products Series Fund



December 31, 1999

FROM THE PRESIDENT



Dear Policyholder:

As owner of a variable life insurance or annuity contract issued by one of the Jefferson Pilot Financial Companies, I am again pleased to report to you some of the more significant developments which occurred in 1999.

Assets under management of the Jefferson Pilot Variable Fund grew by 54% during the year, crossing the \$1 billion mark on December 31st...a significant milestone of which we are very proud. The increase

was primarily due to the continued strong performance of domestic and international equity markets, another record sales year for our products in total and a very favorable reception to our newest variable life insurance product, Ensemble®SL. With our product portfolio, underwriting capabilities and financial strength, JPF is well-positioned to continue as a leader in the variable products industry.

Last year brought success in the equities markets, both at home and abroad. The S&P 500 Index of domestic large company stocks advanced 21%. This is the first time since 1926 that the index has posted 5 consecutive years of double-digit gains. Small Cap stocks came to life in the fourth quarter of the year and the Russell 2000 Index finished with a gain of 21.3%. Finally, the Morgan Stanley (MSCI) EAFE Index of stocks in Europe and the Pacific Rim moved ahead 25.3%.

Domestically, market advances were generally narrow, driven by strong investor demand for stocks in the technology sector. A look at components of the S&P 500 Index is illustrative. The 68 technology stocks in the index had a composite gain of more than 74%. The remaining 432 non-tech stocks produced a gain of only 4%. While this evidence may compel some investors to increase their exposure to technology stocks, it is important to remember that these stocks can be very volatile. Investors should be confident that their overall asset allocations are appropriate for their stage in life and their tolerance for risk.

We are once again pleased, as we hope you are, with the performance of the Fund's divisions. Two portfolios, Emerging Growth and Growth, sub-advised by MFS and Strong respectively, produced annual returns in excess of 75%. The Capital Growth Portfolio (sub-advised by Janus) increased 44.7% for the year, marking the second year in a row that it has surpassed the S&P 500 Index. Overseas, the International Equity Portfolio had another strong year with a return of 32.5%, 700 basis points better than the MSCI EAFE Index. I would also like to point out that MFS delivered a return of 4.8% on the High Yield Bond Portfolio, beating the Lehman Brothers High Yield Index by 2.4 percentage points.

FROM THE PRESIDENT

In summary, it was another exceptional year for the Jefferson Pilot Variable Fund. As always, we appreciate your continuing support of our Ensemble® Variable Universal Life policies and Allegiance® and Alpha Variable Annuities.

Sincerely,

A handwritten signature in black ink, reading "Ron Angarella". The signature is fluid and cursive, with the first name "Ron" and last name "Angarella" clearly distinguishable.

Ronald R. Angarella
President, Jefferson Pilot Variable Fund, Inc.

The Jefferson Pilot Variable Fund investment options offered to policyholders will vary based on the variable insurance or variable annuity contract purchased. Please consult your product prospectus for a full listing of available investment options.

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INTERNATIONAL EQUITY PORTFOLIO

“We remain optimistic on the medium term outlook for equities outside the US given the favourable growth outlook and benign inflationary environment.”

—Ronald Armist, Portfolio Manager—

INCEPTION DATE

January 1, 1998

FUND MANAGER

Lombard Odier International Portfolio
Management Limited

INVESTMENT OBJECTIVE AND STRATEGY

To realize long-term capital appreciation by investing substantially all of its total assets in equity securities of companies from countries outside of the United States.

NET ASSETS AS OF 12/31/99

\$35,640,381

NUMBER OF HOLDINGS

67

PORTFOLIO TURNOVER

71.98%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

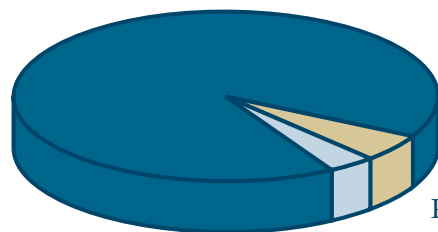
Schedule of
Portfolio Investments

RONALD ARMIST
Managing Director
Chief Investment Officer,
Equities

- Joined Lombard in 1983
- 19 years of investment experience
- B.B.S. from University of Cape Town
- Chartered Accountant

INTERNATIONAL EQUITY PORTFOLIO

Common Stock-91.00%



Preferred Stock-5.46%

Cash-3.54%

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO† |
|------------------------------------|-----------------------|
| Sony Corp. | 3.64% |
| Nokia Oyj | 3.51% |
| BP Amoco, PLC | 3.22% |
| Nippon Telegraph & Telephone Corp. | 3.16% |
| Toyota Motor Corp. | 2.98% |
| Shell Transport & Trading Co. | 2.31% |
| SAP, AG | 2.19% |
| Telefonaktiebolaget LM Ericsson | 2.14% |
| Total Fina, SA | 2.10% |
| JAFCO Company, Ltd. | 2.00% |

| TOP TEN COUNTRIES | PERCENT OF PORTFOLIO† |
|-------------------|-----------------------|
| Japan | 31.26% |
| United Kingdom | 17.97% |
| Germany | 7.42% |
| France | 6.09% |
| Sweden | 5.46% |
| Netherlands | 4.72% |
| Finland | 3.51% |
| Switzerland | 3.36% |
| Brazil | 3.27% |
| Italy | 2.97% |

†Represents market value of investments plus cash.

The JPVF International Equity Portfolio rose 18.9% during the fourth quarter (net of fees), outperforming both the S&P Composite and the MSCI EAFE (Europe, Australasia & Far East) Index.

Our positive scenario for global equity markets driven by an improving growth environment proved correct, albeit rather more quickly and with much greater vigour than we had initially expected. Our tentative projections for a Millennium rally came one quarter early, driven by strong outperformance from an increasingly narrow focus on growth stocks in the newly christened TMT sector: technology, media and telecommunications.

We remain broadly positive on the outlook for equities in 2000. Global growth will continue to exceed expectations, both top-down and bottom-up. This is particularly true of Japan, where consumption and private sector capex have yet to play any meaningful role. The re-synchronisation scenario remains valid as the rest of the

world finally starts to close the gap on a still rampant US economy.

Inflation anxieties are largely misplaced. There is little evidence of a wholesale build-up of inflationary pressures in any market (including the US). Whilst rates are unquestionably on a rising trend, we believe the scope for positive news in the second half of the year is much greater than is currently being discounted by the performance of bond markets. We therefore expect rates to peak at a much lower level this cycle. This implies a strong background for growth stocks into the second half.

Despite our positive scenario, the risk profile in for some equity markets has increased over the shorter term. Specifically, almost all equity markets demonstrated an alarming lack of breadth during the fourth quarter rally. An increasingly narrow focus on telecommunications and internet related shares has resulted in a handful of companies driving index performance in all major markets. This increases the risk of market instability and raises the spectre of rotation back into laggard value plays.

We remain cautious on the relative outlook for US equities this year. EAFE markets have outperformed the US since the Fed began raising rates last June. We expect this to continue, at least until firm evidence of a slowdown in US growth begins to appear. US valuations are comparatively undemanding on an

Foreign securities are subject to higher risks than domestic issues including currency fluctuations, political instability and differences in accounting methods.

INTERNATIONAL EQUITY PORTFOLIO

earnings basis, but the implied growth expectations are very optimistic and leave almost no scope for disappointments. Equity valuations relative to bonds are stretched as never before. This continues to imply downside risks. Markets have pretty much discounted a 50bp rate hike in Q1, but given the extraordinary resilience of US GDP (+5.7% annualised in Q3 '99), this will not prove sufficient to slow the economy or soothe Mr. Greenspan's fevered brow.

Growth momentum remains favourable in Continental Europe. The weakness of the Euro has significantly enhanced the competitive position of leading European exporters and is now supporting growth in export orders and manufacturing output. We expect the Euro to replace the yen as the strongest global currency for 2000. Consumer and business sentiment is picking up. Corporate restructuring and buoyant M&A will lend additional support. The ECB remains in tightening mode, which may add to instability in the first quarter, but the outlook for inflation is favourable and thus offers significant surprise potential on the trend in rates. We remain overweight European equities.

Prospects for UK equities remain dogged by the unfavourable interest rate environment. Despite accumulating evidence of price destruction on the "High Street", the continued strength of house prices will keep the Bank of England in hawkish mode. The increasing disparity between UK and

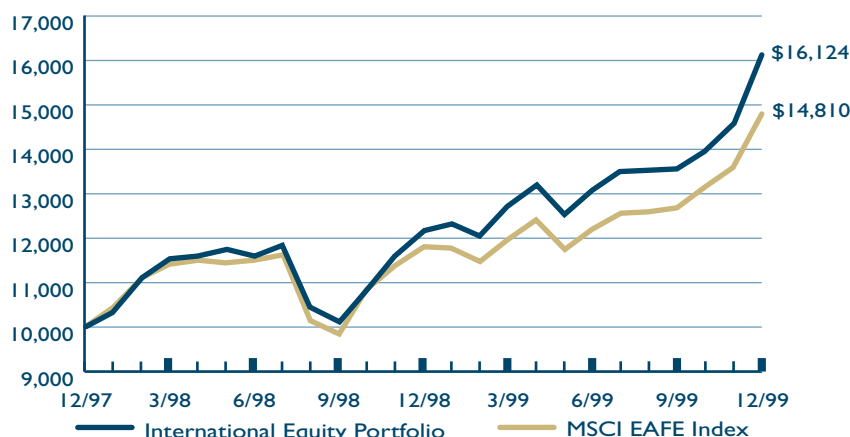
European short rates and the strength of sterling have also reduced the scope for Euro convergence. We remain unconvinced by the inflation bears and continue to expect better news on the outlook for rates in the second half. However, an interventionist Bank of England dictates our cautious stance UK equities, over the shorter term.

Disappointing Q3 numbers in Japan have given more ammunition to the bears who remain sceptical of Japan's capacity to achieve self-sustaining economic growth without the narcotic of continuous public sector stimulus. Growth stocks have outperformed in consequence, following global trends in TMT. It is too early to write off Japan's recovery. We continue to believe that headline numbers will surprise on the upside this year as private sector capital expenditures and personal consumption growth begins to accelerate. Corporate restructuring also remains a key support. The Bank of Japan is gearing up to monetise debt. This offers perhaps the biggest positive surprise for equities this year. We remain overweight Japan.

The economies of the Pacific Rim have finally confirmed their recovery from the crisis of 1997 with exceptionally strong Q3 GDP numbers. Strong headline growth and aggressive corporate restructuring will continue to power earnings recovery. China's final accession to the WTO should provide an additional longer-term incentive for "Greater China". The emerging markets

INTERNATIONAL EQUITY PORTFOLIO

International Equity Portfolio and the MSCI EAFE Index
Comparison of Change in Value of \$10,000 Investment.



We remain optimistic on the medium term outlook for equities outside the US given the favourable growth outlook and benign inflationary environment. The exceptional focus on TMT stocks implies and enhanced risk of volatility into Q1, but the ground-breaking merger between AOL and Time Warner may keep this particular pot boiling for the time being. Markets will remain transfixed by the outlook for global interest rates. We generally believe that inflationary expectations are too bearish and the potential for an upside surprise on the outlook for interest rates in the second half is much greater. Herein lies the source of optimism for long duration growth stocks this year.

AVERAGE ANNUAL TOTAL RETURNS

| | INTERNATIONAL EQUITY | MSCI EAFE INDEX |
|-----------|----------------------|-----------------|
| 1 YEAR | 32.54% | 25.27% |
| INCEPTION | 27.02% | 21.70% |

of Eastern Europe and Latin America are also beginning to offer more attractive potential, with favourable fund flows, modest valuations and positive earnings momentum. We continue to increase selective exposure.

Commencement of operations January 1, 1998. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the International Equity Portfolio (the "Portfolio") at its inception with a similar investment in the MSCI EAFE Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The MSCI EAFE Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

INTERNATIONAL EQUITY PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 |
|--|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 12.12 | \$ 10.00 |
| Income From Investment Operations | | |
| Net investment loss | (0.01) | |
| Net gains and losses on securities (both realized and unrealized) | <u>3.96</u> | <u>2.16</u> |
| Total from investment operations | 3.95 | 2.16 |
| Less Distributions to Shareholders | | |
| Dividends from net investment income | | |
| Dividends in excess of net investment income | | |
| Distributions from capital gains | | (0.04) |
| Distributions in excess of capital gains | | |
| Returns of capital | <u> </u> | <u> </u> |
| Total distributions | 0.00 | (0.04) |
| Net asset value, end of year | <u>\$ 16.07</u> | <u>\$ 12.12</u> |
| Total Return (A) | 32.54% | 21.66% |
| Ratios to Average Net Assets: | | |
| Expenses | 1.25% | 1.55% |
| Net investment income | (0.05%) | 0.04% |
| Portfolio Turnover Rate | 71.98% | 77.23% |
| Net Assets, At End of Year | \$35,640,381 | \$16,576,281 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

INTERNATIONAL EQUITY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—91.26 %

| Company | Shares | Market Value |
|---|---------|------------------|
| Aerospace & Defense—0.95% | | |
| British Aerospace, PLC | 51,057 | \$ 337,363 |
| | | <u>337,363</u> |
| Appliances—1.40% | | |
| Electrolux, AB, Series B | 19,912 | 498,791 |
| | | <u>498,791</u> |
| Automotive Manufacturing—5.97% | | |
| DaimlerChrysler, AG | 5,092 | 394,009 |
| Honda Motor Co., Ltd. | 18,000 | 668,262 |
| Toyota Motor Corp. | 22,000 | 1,063,944 |
| | | <u>2,126,215</u> |
| Banking—11.87% | | |
| Allied Irish Banks, PLC | 26,664 | 301,998 |
| Alpha Credit Bank | 5,517 | 431,636 |
| Anglo Irish Bank Corp., PLC | 123,300 | 286,143 |
| Argentaria, Caja Postal y Banco Hipotecario de Espana, SA | 12,702 | 297,021 |
| Banca Intesa, SpA | 69,868 | 282,217 |
| Bank of Tokyo-Mitsubishi, Ltd., The | 50,000 | 695,618 |
| Barclays, PLC | 18,380 | 527,851 |
| Credit Suisse Group | 1,336 | 264,162 |
| Industrial Bank of Japan, Ltd., The | 42,000 | 404,182 |
| Sumitomo Bank, Ltd., The | 30,000 | 410,043 |
| Unicredito Italiano, SpA | 67,590 | 330,600 |
| | | <u>4,231,471</u> |
| Beverages—1.02% | | |
| BRL Hardy, Ltd. | 75,610 | 363,629 |
| | | <u>363,629</u> |
| Broadcasting—1.26% | | |
| Mediaset, SpA | 29,000 | 448,792 |
| | | <u>448,792</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|------------------|
| Building Construction—1.27% | | |
| Berkeley Group, PLC, The | 32,270 | \$ 371,846 |
| New World Infrastructure, Ltd.† | 62,000 | 79,359 |
| | | <u>451,205</u> |
| Building Materials—3.95% | | |
| CRH, PLC | 21,900 | 467,545 |
| Lafarge, SA | 4,250 | 492,433 |
| Tostem Corp. | 25,000 | 448,195 |
| | | <u>1,408,173</u> |
| Chemicals—2.54% | | |
| Aventis, SA | 8,600 | 497,364 |
| Mitsubishi Chemical Corp. | 115,000 | 404,475 |
| | | <u>901,839</u> |
| Commercial Services—2.83% | | |
| Granada Group, PLC | 56,806 | 574,468 |
| Vivendi (Ex-Gen des Eaux) | 4,837 | 434,637 |
| | | <u>1,009,105</u> |
| Electronics—6.35% | | |
| Mabuchi Motor Co., Ltd. | 2,000 | 348,395 |
| Sharp Corp. | 24,000 | 613,160 |
| Sony Corp. | 4,400 | 1,302,526 |
| | | <u>2,264,081</u> |
| Electronics – Semiconductors—1.32% | | |
| STMicroelectronics, N.V. | 3,074 | 470,790 |
| | | <u>470,790</u> |
| Financial Services—2.00% | | |
| JAFECO Company, Ltd. | 2,000 | 713,204 |
| | | <u>713,204</u> |
| Insurance—1.06% | | |
| AEGON, N.V. | 3,938 | 378,525 |
| | | <u>378,525</u> |

See notes to financial statements.

INTERNATIONAL EQUITY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|------------------|
| Manufacturing—2.74% | | |
| BBA Group, PLC | 33,323 | \$ 268,517 |
| Mannesmann, AG | 2,950 | 708,154 |
| | | <u>976,671</u> |
| Mining & Metals – Ferrous & Nonferrous—3.65% | | |
| Metallgesellschaft, AG | 18,030 | 359,624 |
| Mitsui Mining & Smelting Co., Ltd. | 76,000 | 358,634 |
| Nippon Steel Corp. | 250,000 | 583,753 |
| | | <u>1,302,011</u> |
| Office Equipment—0.69% | | |
| Ricoh Co., Ltd. | 13,000 | 244,619 |
| | | <u>244,619</u> |
| Oil & Gas – Integrated—9.18% | | |
| BP Amoco, PLC | 114,780 | 1,151,499 |
| LUKoil Holding, SA | 10,434 | 542,568 |
| Shell Transport & Trading Co. | 99,760 | 827,180 |
| Total Fina, SA-B | 5,662 | 751,946 |
| | | <u>3,273,193</u> |
| Pharmaceutical—4.25% | | |
| Novartis, AG | 330 | 482,002 |
| Roche Holding, AG | 37 | 436,871 |
| SmithKline Beecham, PLC | 46,960 | 597,879 |
| | | <u>1,516,752</u> |
| Publishing & Printing—2.73% | | |
| Singapore Press Holdings, Ltd. | 22,493 | 487,393 |
| VNU, N.V. | 9,280 | 485,347 |
| | | <u>972,740</u> |
| Railroad—0.59% | | |
| Railtrack Group, PLC | 12,640 | 211,855 |
| | | <u>211,855</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|---------|------------------|
| Real Estate—0.96% | | |
| City Developments, Ltd. | 58,200 | \$ 340,606 |
| | | <u>340,606</u> |
| Retail Stores—3.95% | | |
| Hennes & Maruitz, AB | 18,692 | 623,577 |
| Koninklijke Ahold, N.V. | 11,933 | 351,519 |
| Marui Company, Ltd. | 29,000 | 432,358 |
| | | <u>1,407,454</u> |
| Telecommunications – Equipment & Services—5.67% | | |
| Nokia Oyj | 6,960 | 1,255,688 |
| Telefonaktiebolaget LM Ericsson | 11,963 | 765,979 |
| | | <u>2,021,667</u> |
| Telecommunications – Integrated—6.63% | | |
| British Telecommunications, PLC | 22,620 | 551,556 |
| Nippon Telegraph & Telephone Corp. | 66 | 1,128,426 |
| Portugal Telecom, SA | 29,280 | 319,594 |
| Telekomunikacja Polska, SA, Series 144A, GDR | 55,561 | 363,697 |
| | | <u>2,363,273</u> |
| Telecommunications – Wireless—3.06% | | |
| NTT Mobile Communication Network, Inc. | 10 | 383,958 |
| Vodafone AirTouch, PLC | 142,745 | 705,673 |
| | | <u>1,089,631</u> |
| Transportation—1.94% | | |
| Preussag, AG | 7,360 | 407,946 |
| Stagecoach Holdings, PLC | 109,959 | 282,651 |
| | | <u>690,597</u> |

See notes to financial statements.

INTERNATIONAL EQUITY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|-------------------|
| Utilities – Electric & Gas—1.43% | | |
| Tokyo Electric Power Co. | 19,100 | \$ 511,299 |
| | | <u>511,299</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$26,104,716) | | <u>32,525,551</u> |

PREFERRED STOCK—5.48%

| Company | Shares | Market Value |
|---|----------------|---------------------|
| Computer Software – Mini & Micro—2.20% | | |
| SAP, AG | 1,307 | \$ 783,388 |
| | | <u>783,388</u> |
| Telecommunications – Wireless—3.28% | | |
| Tele Sudeste Celular | | |
| Participacoes, SA, ADR | 18,016 | 699,246 |
| Telesp Celular Participacoes, SA | 11,098 | <u>470,278</u> |
| | | <u>1,169,524</u> |
| TOTAL PREFERRED STOCK | | |
| (Cost \$1,226,318) | | <u>1,952,912</u> |
| TOTAL INVESTMENTS | | |
| (Cost \$27,331,034) | 96.74% | 34,478,463 |
| Other assets, less liabilities | <u>3.26</u> | <u>1,161,918</u> |
| TOTAL NET ASSETS | <u>100.00%</u> | <u>\$35,640,381</u> |

†Non-income producing security.

See notes to financial statements.

WORLD GROWTH STOCK PORTFOLIO

“We will maintain our fundamentally driven investment style and our focus on the economic worth of a business when we invest your funds and we look forward to the opportunities ahead.”

—Cindy Sweeting, Portfolio Manager—

INCEPTION DATE

August 1, 1985

FUND MANAGER

Templeton Global Advisors Limited

INVESTMENT OBJECTIVE AND STRATEGY

To achieve long-term capital growth through a policy of investing primarily in stocks of domestic or foreign companies.

NET ASSETS AS OF 12/31/99

\$133,027,008

NUMBER OF HOLDINGS

138

PORTFOLIO TURNOVER

24.80%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

Schedule of
Portfolio Investments

CINDY SWEETING, CFA

- Joined Templeton organization in 1997
- Previously vice president of investments with McDermott International Co., Inc.
- Serves on Board of Directors of the International Society of Financial Analysts
- B.A. from Georgetown University
- Chartered Financial Analyst

GLOBAL HARD ASSETS PORTFOLIO

“We believe the Portfolio is well positioned to take advantage of near term positive market conditions as we enter 2000.”

—Derek S. van Eck and Kevin L. Reid, Portfolio Managers—

INCEPTION DATE

August 1, 1985

FUND MANAGER

Van Eck Associates Corporation

INVESTMENT OBJECTIVE AND STRATEGY

To realize long-term capital appreciation
by globally investing primarily in
“Hard Asset Securities.”

NET ASSETS AS OF 12/31/99

\$5,524,726

NUMBER OF HOLDINGS

86

PORTFOLIO TURNOVER

215.51%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

Schedule of
Portfolio Investments

DEREK S. VAN ECK, CFA

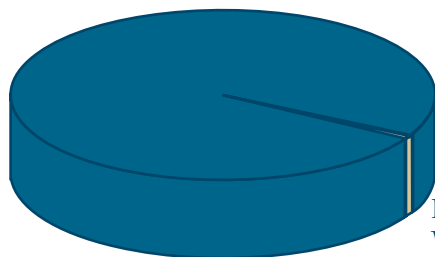
- M.B.A. from J.L. Kellogg Graduate School of Management
- B.A. from Williams College
- Chartered Financial Analyst

KEVIN L. REID

- Joined Van Eck in 1995
- MBA from Harvard Business School
- B.A. from Colgate University

GLOBAL HARD ASSETS PORTFOLIO

Common Stock-99.94%

Rights and
Warrants-0.06%

which had been in a multi-year battle with recession, experienced a strong rebirth. This worldwide growth pushed commodity demand higher and hard asset-related equities largely followed suit. For most of the second half of the year, however, despite a continuation of these positive trends, tech-stock fever took hold and investors ignored most other market sectors, including cyclical and value stocks. Thus, most of the gains from hard assets were realized in the first half of the year, and although some declined a bit in the second half, a late fourth quarter rebound helped, and three of the five sectors provided good performance for the year.

Energy prices rose sharply in 1999, trending upward throughout the year. Crude oil traded at about \$11 a barrel in February and ended the year at \$25 a barrel, primarily the result of an OPEC agreement (announced in March) to limit supplies. Through the second quarter of the year, energy stocks also rose sharply. However, for most of the second half of the year, while crude oil prices held up, most energy stocks declined sharply as investors took profits, possibly remembering previous past crude oil price declines and OPEC "cheating." Energy stock prices rebounded again late in the fourth quarter, ending the year up 20% overall. These equities were the Portfolio's largest weighting in 1999. We increased the position from about 20% of total Portfolio assets in January to 34%

Hard assets had a year of mixed returns in 1999, providing good risk-adjusted returns in general. Both commodities and related stocks performed well in the first half of the year, while most stocks had a volatile second half despite the continuing climb of many commodity prices. The JPVF Global Hard Assets Portfolio had a total return of 19.15% for the twelve months ended December 31, 1999.

Two key factors drove hard asset performance in the first half of the year: unexpectedly strong global economic growth, and an increasingly favorable supply/demand scenario for most hard asset sectors. A year ago, most analysts were predicting a year of slowing economic growth in the U.S., fair growth in Europe and continued recession in Asia after a year of extreme market declines and economic contractions in that region. Happily, the U.S. continued into its tenth year of expansion, Europe's recovery and restructuring trend gained momentum and Asia surprised the world with a spectacular recovery. Even Japan,

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO† |
|------------------------------|-----------------------|
| Exxon Mobil Corp. | 2.86% |
| Reynolds Metals Co. | 2.60% |
| International Paper Co. | 2.56% |
| Cooper Cameron Corp. | 2.51% |
| Abitibi-Consolidated, Inc. | 2.37% |
| Alberta Energy Company, Ltd. | 2.36% |
| Talisman Energy, Inc. | 2.31% |
| Boston Properties, Inc. | 2.26% |
| Apache Corp. | 2.24% |
| AK Steel Holdings Corp. | 2.23% |

| TOP TEN INDUSTRIES | PERCENT OF PORTFOLIO† |
|--|-----------------------|
| Forest Products & Paper | 26.12% |
| Oil & Gas Producers | 17.28% |
| Real Estate | 15.50% |
| Oil & Gas – Integrated | 12.39% |
| Mining & Metals – Ferrous & Nonferrous | 12.12% |
| Mining & Metals – Precious | 8.28% |
| Oil & Gas Services & Equipment | 6.76% |
| Lodging | 1.02% |
| Packaging & Containers | 0.53% |

†Represents market value of investments plus cash.

Foreign securities are subject to higher risks than domestic issues including currency fluctuations, political instability and differences in accounting methods.

GLOBAL HARD ASSETS PORTFOLIO

in the second quarter, in response to the OPEC agreement, and maintained nearly a 30% position throughout the rest of the year. While volatile, this proved beneficial. We also benefited from small positions in crude oil futures that we traded throughout the year.

The paper and forest products sector turned in exceptional gains of 35% in 1999. Paper stocks were driven by both increased paper demand due to the pickup in global economic growth and decreased supply as some companies shut down excess capacity, a trend driven by mergers and acquisitions activity in this industry. Lumber and building materials companies fared well in the early part of the year as a result of the strong housing market in the U.S. pulp prices, the key commodity driver for most of the paper grades, moved up all year, but the stocks were volatile, particularly during the second half. We began the year with under 7% of total portfolio assets dedicated to this sector. We substantially increased the weighting to 26%, mostly in the third and fourth quarters as we became more convinced that the supply-demand scenario was improving and as the industry appeared to be truly refocused on shareholder concerns. The Portfolio's Canadian holdings in this sector further boosted performance due to the Canadian dollar's strength. While a larger position in paper and forest product companies earlier in the year would have further boosted Portfolio

performance, this sector's contribution was very positive.

Industrial metals stocks performed exceptionally well during the year, up 86.8%. The sector was primarily driven by ALCOA, the leading aluminum manufacturer, which announced it was buying Reynolds, the third-largest aluminum company in August. ALCOA was, in fact, the best performing stock in the Dow Jones Industrial Average last year, gaining over 100%, while Reynolds was up 50%. We held ALCOA in the portfolio for much of the year, although we swapped into Reynolds in the fourth quarter as a cheaper way to own ALCOA (Reynolds accounted for 2.6% of assets at December 31). The industrial metals stocks held up better than the other hard assets equities during the periods of investor flight out of cyclical stocks. Unfortunately, we underweighted the Portfolio's position in industrial metals throughout 1999, averaging between 4% and 12% of assets, partly due to the limited number and capitalization of industrial metals stocks available, and also because the metals prices were actually declining though midyear.

Real estate stocks endured a difficult 1999 despite the fact that the real estate business has been extremely strong in North America. In the U.S., for example, the real estate business experienced stable occupancies and solid rent growth, leading to strong cash flow growth and growing dividends. Underperformance

GLOBAL HARD ASSETS PORTFOLIO

was not based on underlying fundamentals - it was largely due to the fact that investors continued to view real estate equities as small-capitalization value stocks, a sector they ignored in 1999 as they embraced growth and technology. The Morgan Stanley REIT index declined 4.6% during the year. We began the year with a 25% position in real estate stocks as a defensive move after a trying 1998 but reduced this allocation largely in the second half, ending the year with a 16% weighting to the sector. Seeing better immediate upside potential in paper stocks given market conditions, we reallocated most of these assets there, a strategy that worked quite well.

Precious metals also had a difficult 1999, particularly gold, which ended the year flat after some false starts. The most notable event in the gold market was the European Central Bank announcement in the end of the third quarter in which the European countries agreed to limit gold sales and forward sales into the market over the next five years. Since central bank sales had been one of the primary depressants of the gold market in recent years, this announcement was greeted with immediate price rises and general enthusiasm. However, it later became apparent that many gold companies had hedged much of their future gold production forward, expecting continued bullion price weakness, a strategy that not only

severely reduced expected profit increases from rising gold prices, but jeopardized the solvency of a few particularly aggressive companies. By the end of the year, the metal had also retraced some of its previous gains, ending the year flat as did gold stocks. The Portfolio's gold position ranged from 5% to 21% of total assets during the year, with the highest emphasis in January, and again during the latter half of the year after the European Central Bank announcement. We ended the year with an 8% weighting.

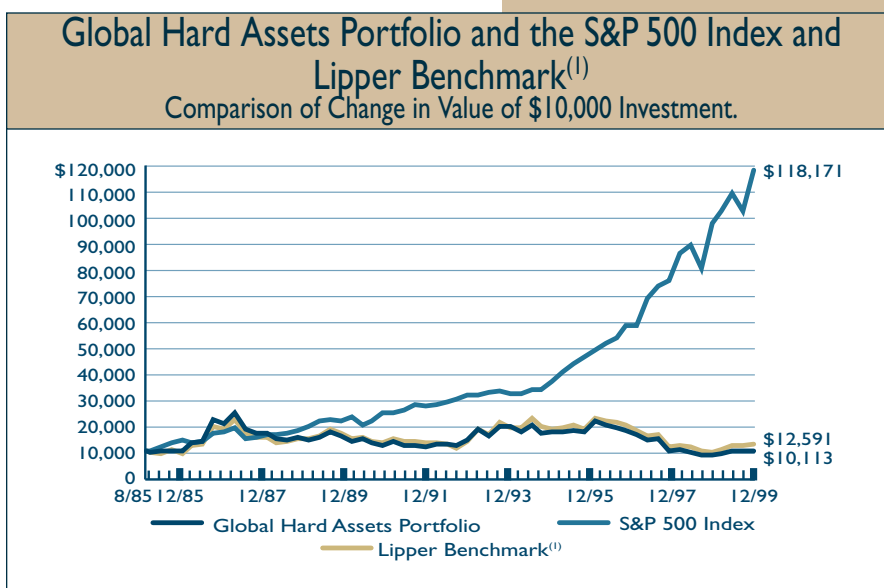
The Outlook

The western world's continued strength and Asia's surprisingly strong recovery continue to push global growth to unexpectedly high rates. In fact, there has been a complete reversal of the economic outlook from one of recession and deflation a year ago to one of strong growth and even hints of inflation today. Therefore, as we enter the new millennium, we are optimistic about the prospects for hard assets.

At this time, we particularly favor paper companies as demand increases, pulp prices continue to rise around the world and the industry continues to restructure. However, we are selective in our exposure, since certain forest products, such as lumber and other wood products, may be past their peak, while others, such as newsprint, are early in their cycle. Energy stocks offer both a strong commodity story and attractive

GLOBAL HARD ASSETS PORTFOLIO

valuations. While crude oil may not hold at \$25 a barrel, it appears that most energy stocks are discounting oil prices in the teens, a level we do not expect to see again in the near future. We remain selective in terms of the industrial metals sector, as some metals, such as aluminum, have already experienced increases, while others, such as steel, should continue to rebound. Despite strong real estate business fundamentals and attractive valuations, the market continues to favor larger capitalization growth stocks, and is not paying a premium for the stable income and defensive characteristics that real estate securities offer. Therefore, we remain cautious on this sector, but may increase the allocation if market sentiment turns. Precious metals also offer selective opportunity. The only catalyst to gold would probably be a meaningful weakening of the dollar, and at this time, we are not particularly optimistic on either gold or gold equities. Still, certain



metals and related companies, such as platinum and palladium, which tend to have a strong industrial demand base, look promising. We believe the Portfolio is well positioned to take advantage of these near term positive market conditions as we enter 2000.

AVERAGE ANNUAL TOTAL RETURNS

| | GLOBAL HARD ASSETS | S&P 500 INDEX | LIPPER BENCHMARK ⁽¹⁾ |
|-----------|--------------------|---------------|---------------------------------|
| 1 YEAR | 19.15% | 21.04% | 31.02% |
| 5 YEAR | -9.74% | 28.51% | -8.49% |
| 10 YEAR | -5.18% | 18.17% | -3.71% |
| INCEPTION | 0.08% | 18.67% | 1.61% |

Commencement of operations August 1, 1985. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the Global Hard Assets Portfolio (the "Portfolio"), formerly the Gold Stock Portfolio, at its inception with a similar investment in the S&P 500 Index and the Lipper benchmark. For the purposes of this line graph, and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes reinvestment of all dividends and distributions.

The S&P 500 Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on policies which may include a premium tax charge, account fees, cost of insurance, mortality expense and surrender charge, as applicable.

⁽¹⁾ The investment objective of the Portfolio was changed on May 1, 1998. The Lipper benchmark reflects the performance of the Lipper Gold Fund Average from August 1, 1985 through April 30, 1998 and the Lipper Natural Resources Fund Average from May 1, 1998 through December 31, 1999. The Lipper Gold Fund and Natural Resources Fund averages are based on the returns of all mutual funds within the corresponding objective as compiled by Lipper Analytical Services. The averages include the reinvestment of all dividends and underlying fund operating expenses.

GLOBAL HARD ASSETS PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Year Ended December 31, 1995 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 7.55 | \$ 8.92 | \$ 16.60 | \$ 16.61 | \$ 16.25 |
| Income From Investment Operations | | | | | |
| Net investment income (loss) | 0.14 | 0.17 | 0.02 | (0.03) | 0.05 |
| Net gains and losses on securities (both realized and unrealized) | <u>1.31</u> | <u>(1.41)</u> | <u>(7.30)</u> | <u>0.45</u> | <u>0.40</u> |
| Total from investment operations | 1.45 | (1.24) | (7.28) | 0.42 | 0.45 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | (0.01) | (0.13) | (0.02) | | (0.05) |
| Dividends in excess of net investment income | | | (0.07) | | (0.04) |
| Distributions from capital gains | | | | (0.43) | |
| Distributions in excess of capital gains | | | (0.31) | | |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | (0.01) | (0.13) | (0.40) | (0.43) | (0.09) |
| Net asset value, end of year | <u>\$ 8.99</u> | <u>\$ 7.55</u> | <u>\$ 8.92</u> | <u>\$ 16.60</u> | <u>\$ 16.61</u> |
| Total Return (A) | 19.15% | (13.85%) | (44.63%) | 2.57% | 2.76% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 1.17% | 1.44% | 1.07% | 1.04% | 1.01% |
| Net investment income | 1.51% | 2.13% | 0.63% | (0.11%) | 0.24% |
| Portfolio Turnover Rate | 215.51% | 193.80% | 19.70% | 64.78% | 23.98% |
| Net Assets, At End of Year | \$5,524,726 | \$4,333,663 | \$5,204,654 | \$7,554,427 | \$6,867,645 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

GLOBAL HARD ASSETS PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK 99.72 %

| Company | Shares | Market Value |
|--|--------|------------------|
| Forest Products & Paper–26.06% | | |
| Abitibi-Consolidated, Inc. | 11,000 | \$ 130,625 |
| Aracruz Celulose, SA, ADR | 900 | 23,625 |
| Bowater, Inc. | 1,480 | 80,382 |
| Canfor Corp.† | 9,000 | 104,803 |
| Champion International Corp. | 1,500 | 92,906 |
| Fort James Corp. | 2,000 | 54,750 |
| Georgia-Pacific Group | 1,550 | 78,662 |
| International Paper Co. | 2,500 | 141,094 |
| Plum Creek Timber Company, Inc. | 2,500 | 62,500 |
| Sappi, Ltd., ADR | 4,000 | 38,500 |
| St. Laurent Paperboard, Inc.† | 7,500 | 99,480 |
| Stora Enso, Oyj, Class R | 5,500 | 95,424 |
| Tembec, Inc., Class A† | 9,550 | 105,943 |
| Temple-Inland, Inc. | 700 | 46,156 |
| UPM-Kymmene, Oyj | 3,000 | 120,277 |
| Weyerhaeuser Co. | 1,000 | 71,813 |
| Willamette Industries, Inc. | 2,000 | 92,875 |
| | | <u>1,439,815</u> |
| Lodging–1.02% | | |
| Host Marriott Corp. | 3,000 | 24,750 |
| Interstate Hotels Corp.† | 22 | 72 |
| Wyndham International, Inc., Class A† | 10,752 | 31,584 |
| | | <u>56,406</u> |
| Mining & Metals – Ferrous & Nonferrous–12.09% | | |
| AK Steel Holdings Corp. | 6,509 | 122,857 |
| Alcan Aluminium, Ltd. | 1,600 | 65,900 |
| Alcoa, Inc. | 1,100 | 91,300 |
| Billiton, PLC | 15,700 | 92,416 |
| Inco, Ltd.† | 2,500 | 58,750 |
| Reynolds Metals Co. | 1,870 | 143,289 |
| WMC, Ltd. | 17,000 | 93,437 |
| | | <u>667,949</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|----------------|
| Mining & Metals – Precious–8.24% | | |
| AngloGold, Ltd.† | 2,188 | \$ 109,522 |
| Ashanti Goldfields Co., Ltd. | 2,222 | 5,518 |
| Barrick Gold Corp. | 5,000 | 88,438 |
| Franco-Nevada Mining Corp., Ltd. | 308 | 4,701 |
| Gold Fields of South Africa, Ltd., ADR | 4,000 | 9,750 |
| Gold Fields, Ltd. | 425 | 2,053 |
| Homestake Mining Co. | 10,000 | 78,125 |
| Lihir Gold, Ltd.† | 55,000 | 39,946 |
| Normandy Mining, Ltd. | 90,000 | 63,600 |
| Placer Dome, Inc. | 5,000 | 53,750 |
| | | <u>455,403</u> |
| Oil & Gas – Integrated–12.37% | | |
| Amerada Hess Corp. | 1,000 | 56,750 |
| Atlantic Richfield Co. | 1,000 | 86,500 |
| BP Amoco, PLC, ADR | 1,100 | 65,244 |
| Chevron Corp. | 500 | 43,312 |
| Conoco, Inc., Class A | 2,000 | 49,500 |
| Exxon Mobil Corp. | 1,956 | 157,580 |
| Occidental Petroleum Corp. | 1,000 | 21,625 |
| Royal Dutch Petroleum Co., ADR | 1,000 | 60,438 |
| Texaco, Inc. | 1,300 | 70,606 |
| USX-Marathon Group | 2,900 | 71,594 |
| | | <u>683,149</u> |
| Oil & Gas – Producers–17.24% | | |
| Alberta Energy Company, Ltd. | 4,200 | 130,228 |
| Anadarko Petroleum Corp. | 2,950 | 100,669 |
| Apache Corp. | 3,350 | 123,741 |
| Canadian Natural Resources, Ltd.† | 4,500 | 109,299 |
| Ensign Resource Service Group, Inc. | 1,500 | 34,624 |
| Global Marine, Inc.† | 6,300 | 104,737 |
| Ocean Energy, Inc.† | 3,600 | 27,900 |
| Santa Fe International Corp. | 4,000 | 103,500 |
| Talisman Energy, Inc.† | 5,000 | 127,127 |
| Vintage Petroleum, Inc.† | 7,500 | 90,469 |
| | | <u>952,294</u> |

See notes to financial statements.

GLOBAL HARD ASSETS PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|----------------|
| Oil & Gas – Services & Equipment–6.75% | | |
| Cooper Cameron Corp.† | 2,830 | \$ 138,493 |
| ENSCO International, Inc. | 4,800 | 109,800 |
| NQL Drilling Tools, Inc., Class A† | 5,000 | 24,116 |
| Precision Drilling Corp.† | 1,780 | 45,724 |
| Schlumberger, Ltd. | 500 | 28,125 |
| Stolt Comex Seaway, SA † | 2,100 | 23,231 |
| Transocean Sedco Forex, Inc.† | 97 | 3,261 |
| | | <u>372,750</u> |
| Packaging & Containers–0.53% | | |
| Smurfit-Stone Container Corp.† | 1,200 | 29,400 |
| | | <u>29,400</u> |
| Real Estate–15.42% | | |
| AMB Property Corp. | 2,000 | 39,875 |
| Apartment Investment & Management Co. | 600 | 23,887 |
| Bedford Property Investors, Inc. | 1,500 | 25,594 |
| Boston Properties, Inc. | 4,000 | 124,500 |
| Brandywine Realty Trust | 2,800 | 45,850 |
| Brookfield Properties Corp. | 6,000 | 62,633 |
| Cornerstone Properties, Inc. | 3,000 | 43,875 |
| Crescent Real Estate Equities Co. | 1,500 | 27,563 |
| Equity Office Properties Trust | 2,000 | 49,250 |
| Equity Residential Properties Trust | 700 | 29,881 |
| Grubb & Ellis Co.† | 9,200 | 43,125 |
| Jones Lang LaSalle, Inc.† | 3,000 | 35,625 |
| Kilroy Realty Corp. | 1,000 | 22,000 |
| Macerich Co., The | 1,500 | 31,219 |
| Mack-Cali Realty Corp. | 1,500 | 39,094 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Real Estate—Continued | | |
| Oxford Properties Group, Inc.† | 8,200 | \$ 78,819 |
| Prologis Trust | 2,000 | 38,500 |
| Simon Property Group, Inc. | 1,000 | 22,938 |
| TrizecHahn Corp. | 4,000 | 67,500 |
| | | <u>851,728</u> |
| TOTAL COMMON STOCK (Cost \$5,400,151) | | <u>5,508,894</u> |

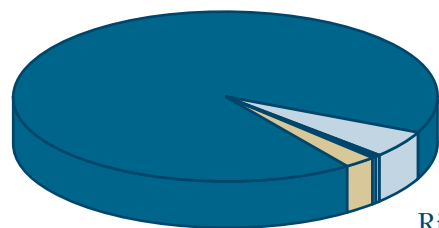
RIGHTS AND WARRANTS 0.06 %

| | Shares | Market Value |
|---|----------------|--------------------|
| Mining & Metals – Precious–0.01% | | |
| Randfontein Estates Gold, exp. 06/01/02 @ 25 ZAR† | 2,470 | \$ 802 |
| | | <u>802</u> |
| Real Estate–0.05% | | |
| Unibail, exp. 05/11/04 @ 130 EUR† | 500 | 2,756 |
| | | <u>2,756</u> |
| TOTAL RIGHTS AND WARRANTS (Cost \$769) | | <u>3,558</u> |
| TOTAL INVESTMENTS | | |
| (Cost \$5,400,920) | 99.78% | 5,512,452 |
| Other assets, less liabilities | 0.22 | 12,274 |
| TOTAL NET ASSETS | <u>100.00%</u> | <u>\$5,524,726</u> |

See notes to financial statements.

WORLD GROWTH STOCK PORTFOLIO

Common Stock-91.67%



Preferred Stock-5.35%

Corporate Bonds-0.01%

Cash-2.96% Rights and Warrants-0.01%

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO† |
|---------------------------------------|-----------------------|
| Nortel Networks Corp. | 3.33% |
| Telefonos de Mexico, SA, ADR, Class L | 2.26% |
| Hutchison Whampoa, Ltd. | 2.21% |
| Li & Fung, Ltd. | 2.13% |
| Repsol, SA | 1.93% |
| Sony Corp. | 1.72% |
| Anglo American Platinum Corp. | 1.66% |
| Zurich Allied, AG | 1.41% |
| Pechiney, SA | 1.40% |
| Axa | 1.34% |

| TOP TEN COUNTRIES | PERCENT OF PORTFOLIO† |
|-------------------|-----------------------|
| United States | 17.84% |
| United Kingdom | 12.21% |
| France | 8.81% |
| Hong Kong | 8.63% |
| Japan | 6.96% |
| Australia | 5.38% |
| Canada | 4.55% |
| Mexico | 4.44% |
| Netherlands | 3.61% |
| Germany | 3.12% |

†Represents market value of investments plus cash.

Foreign securities are subject to higher risks than domestic issues including currency fluctuations, political instability and differences in accounting methods.

concentration is now being experienced internationally as well. Birinyi Associates reports that in 1999, international markets collectively gained \$2.9 trillion in market value. *Ten* stocks were responsible for 29% of that increase, and one sector, telecommunications, was responsible for 40% of the gain.

The World Growth Stock Portfolio benefited from our holdings in Asia and Latin America, which performed well during the final months of the year. This was offset by our relatively small holdings in Japanese stocks versus a much more sizable weight in the indices and the lagging of our undervalued holdings in the US and the UK as momentum stocks surged. While we have been able to identify a few stocks in Japan that meet our strict valuation criteria, the majority remain too expensive. Similarly, valuations of the technology leaders in the US which have led the market are well above prices which can be justified on even long term optimistic growth scenarios and we are much more interested in the future performance potential of stocks that remain undervalued on unappreciated fundamentals.

The majority of the Portfolio's 1999 returns were achieved by taking advantage of emotional market activity in 1998 which allowed us to build positions

WORLD GROWTH STOCK PORTFOLIO

in depressed securities in Asia, Latin America, and commodity related firms worldwide. As 1999 unfolded, it became apparent that the Asian economies had proven more resilient than most investors expected. Hong Kong, for example, despite showing property price declines of 50 to 60%, sustained no serious impact on any major financial institution. This was a remarkable accomplishment when one considers how massive property declines have negatively impacted other economies in the past. Early in 1999, Asian economies began to grow and exports in the region rose to satisfy the insatiable North American demand, where the US trade deficit reached a record \$336bn. Japan also showed signs of recovering from almost ten years of trying to accommodate the economic destruction of their stock and real estate market declines. This better than expected news from Asia encouraged North American and European investors, who were very underweight in the region, to accumulate undervalued Asian securities driving the markets up 30 to 40 percent during the year. Having accumulated reasonable holdings in the region in the pessimistic days of 1998, the Portfolio benefited from the return of investors to Asia. Our largest Asian holdings in 1999 were in Hong Kong, followed by Japan, Singapore and Korea.

As Asian economic growth potential increased, the outlook for rising commodity demand also improved, as Asia has historically accounted for a large part of the world's overall demand for commodity goods. Our holdings in energy, papers and metals benefited as the price of commodities, and subsequently company stock prices, rose.

With the exception of the United Kingdom, our European holdings also performed well. European companies have generally shown strong operating improvements due to restructuring, lower interest rates and better management. This resulted in strong free cash flow. As a percent of sales, European company free cash flow has been roughly 3% over the last 4 years, 50% higher than the peak levels achieved in 1988 & 1989. Since most European companies don't need to expand capacity, much of this excess cash was used for corporate activity. Mergers and acquisitions rose dramatically in Europe with volumes over the last two years at \$800bn annually compared to levels below \$200bn for most of the early 1990s. This trend should continue in 2000.

Our Latin American holdings rose dramatically during the year, as Latin American economies are leaving 1999 in much better shape than they began it and much political uncertainty has been

WORLD GROWTH STOCK PORTFOLIO

resolved. Latin American stock markets rose approximately 50% and some of our largest holdings, such as Telmex, rose over two times. The Portfolio was underweight the US market, which accounts for half of the index weight, and also underweight the technology sector due to valuation. However, several of our holdings performed extremely well. These included Applied Materials, Hewlett Packard, Bowater, and International Paper. Our most recent purchases have been in pharmaceuticals, retailing and smaller companies. A shift away from technology should eventually help these securities. Going forward, we continue to be concerned about the extreme valuations in the overall market, but are encouraged by the large number of securities which are selling at valuations much lower than the market. We continue to identify companies selling at prices 50% below their peaks with reasonable growth prospects and valuations. The emotional speculation in markets globally has had a very narrow focus leaving many ideas for longer-term investors. As a result, the average holding in our Portfolio sells at approximately half the valuation of the market averages.

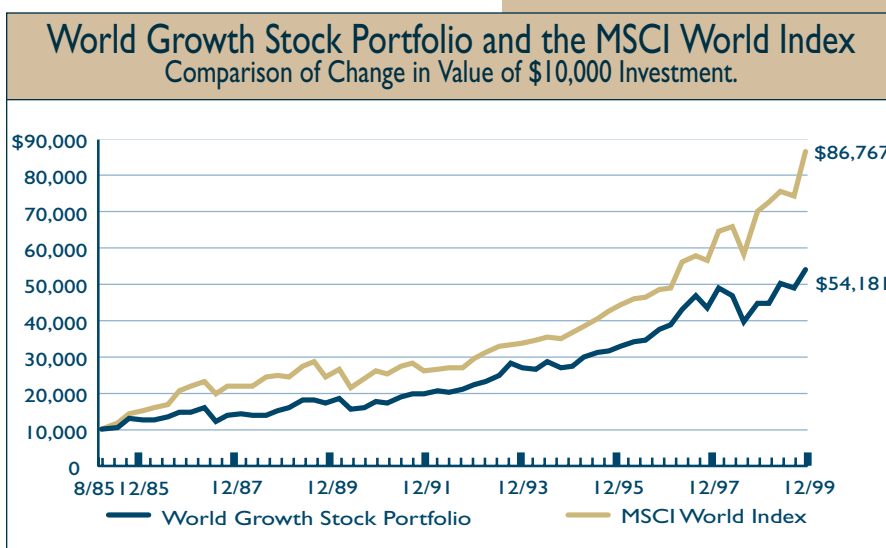
In Europe we continue to find value in the United Kingdom and are excited about potential tax rate reductions throughout the continent, particularly in

Germany and the Nordic region. Cutting corporate tax rates in Europe would free up excess cash for companies, boosting corporate profitability and continuing to feed merger and acquisition activity. Several of our European holdings sell below our estimate of their asset values and are candidates for acquisition activity. The UK market has lagged continental European markets partly due to differing economic cycles and the uncertainty of the UK's Euro participation. In our opinion, some of the cheapest securities worldwide can be found in the UK. Our holdings include retailers such as Marks & Spencer and Tesco, aerospace companies such as BAE Systems, utilities such as National Power and Thames Water and energy companies such as Shell Transport & Trading. We continue with good positions in Asia although we have taken profits in several of our holdings in the region. Despite the dramatic price recovery in equities, many stocks still sell below their highs achieved prior to the Asian crisis, and valuations in Asia are, on average lower than Europe while economic growth could be higher. Our Latin American holdings are also very cheap but we are largely content with our positions in these shares.

Our investment philosophy and strategy is unchanged and we will continue to be very concerned about the

WORLD GROWTH STOCK PORTFOLIO

price we pay for shares. We remain oriented toward identifying those stocks that offer the greatest value relative to long term earnings potential. For much of the 1990's, and in 1999 in particular, value stocks have significantly lagged growth and momentum strategies. Investors have been willing to pay up significantly for technology shares in particular, with high optimism about the very long-term potential of the Internet, cellular telephony and media convergence. While we share the view that these trends are fundamentally correct, strong and pervasive, we are reluctant to pay too high a price for that optimism. John Templeton has said "Investors are people who buy for fundamental values. Speculators are those who buy in the hope of selling later to someone at a higher price." While our methodologies have often delivered outstanding results, there will be times, like the past period of growth and



momentum investing, when our process, despite our best efforts, does not generate attractive relative returns. Over the long term, however, the Templeton process has proven itself time and again. We will maintain our fundamentally driven investment style and our focus on the economic worth of a business when we invest your funds.

AVERAGE ANNUAL TOTAL RETURNS

| | WORLD GROWTH | MSCI WORLD INDEX |
|-----------|--------------|------------------|
| 1 YEAR | 20.86% | 23.56% |
| 5 YEAR | 14.74% | 18.07% |
| 10 YEAR | 11.62% | 9.60% |
| INCEPTION | 12.43% | 16.16% |

Commencement of operations August 1, 1985. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the World Growth Stock Portfolio (the "Portfolio") at its inception with a similar investment in the MSCI World Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The MSCI World Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

WORLD GROWTH STOCK PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Year Ended December 31, 1995 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 21.90 | \$ 23.28 | \$ 23.31 | \$ 21.20 | \$ 19.00 |
| Income From Investment Operations | | | | | |
| Net investment income | 0.41 | 0.56 | 0.53 | 0.49 | 0.45 |
| Net gains and losses on securities (both realized and unrealized) | <u>4.10</u> | <u>0.12</u> | <u>2.97</u> | <u>3.56</u> | <u>2.65</u> |
| Total from investment operations | 4.51 | 0.68 | 3.50 | 4.05 | 3.10 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | (0.07) | (0.47) | (0.53) | (0.48) | (0.43) |
| Dividends in excess of net investment income | | | (0.03) | | |
| Distributions from capital gains | (0.26) | (1.59) | (2.76) | (1.46) | (0.47) |
| Distributions in excess of capital gains | | | (0.21) | | |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | (0.33) | (2.06) | (3.53) | (1.94) | (0.90) |
| Net asset value, end of year | <u>\$ 26.08</u> | <u>\$ 21.90</u> | <u>\$ 23.28</u> | <u>\$ 23.31</u> | <u>\$ 21.20</u> |
| Total Return (A) | 20.86% | 2.85% | 15.33% | 19.22% | 16.35% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 0.88% | 0.92% | 0.91% | 0.88% | 0.96% |
| Net investment income | 1.73% | 2.44% | 2.33% | 2.20% | 2.31% |
| Portfolio Turnover Rate | 24.80% | 33.95% | 30.22% | 27.50% | 18.09% |
| Net Assets, At End of Year | \$133,027,008 | \$110,897,303 | \$105,567,503 | \$91,995,634 | \$73,692,357 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

WORLD GROWTH STOCK PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—91.44%

| Company | Shares | Market Value |
|---|---------|------------------|
| Aerospace & Defense—1.82% | | |
| Kaman Corp., Class A | 73,600 | \$ 947,600 |
| Raytheon Co., Class A | 21,600 | 535,950 |
| Rolls-Royce, PLC | 133,298 | 459,722 |
| Saab, AB, Class B | 49,800 | 478,005 |
| | | <u>2,421,277</u> |
| Agricultural Operations—0.56% | | |
| Archer-Daniels-Midland Co. | 60,968 | 743,048 |
| | | <u>743,048</u> |
| Airlines—1.69% | | |
| British Airways, PLC | 84,400 | 549,518 |
| Singapore Airlines, Ltd. | 92,800 | 1,052,773 |
| Swire Pacific, Ltd. | 732,000 | 645,038 |
| | | <u>2,247,329</u> |
| Appliances—0.81% | | |
| Best Denki Company, Ltd. | 57,200 | 536,486 |
| Guangdong Kelon Electrical Holdings Company, Ltd. | 711,000 | 539,641 |
| | | <u>1,076,127</u> |
| Automotive Manufacturing—2.29% | | |
| Fiat, SpA | 15,083 | 428,589 |
| Fiat, SpA, RNC | 51,491 | 753,502 |
| Volkswagen, AG | 24,000 | 1,345,896 |
| Volvo, AB | 20,000 | 515,042 |
| | | <u>3,043,029</u> |
| Automotive Parts & Equipment—0.49% | | |
| Autoliv, Inc., SDR | 22,200 | 647,056 |
| | | <u>647,056</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|------------------|
| Banking—6.44% | | |
| Banca Nazionale del Lavoro† | 294,500 | \$ 977,042 |
| Bank Austria, AG | 30,800 | 1,728,776 |
| Bank Handlowy W Warszawie, GDR, Series 144A | 71,500 | 1,058,686 |
| Banque Nationale de Paris | 8,990 | 825,382 |
| Credit Commercial de France | 10,000 | 1,239,852 |
| DBS Group Holdings, Ltd. | 67,337 | 1,103,421 |
| National Bank of Canada | 41,300 | 526,459 |
| Westpac Banking Corporation, Ltd. | 161,100 | 1,107,556 |
| | | <u>8,567,174</u> |
| Beverages—0.53% | | |
| Embotelladora Andina, SA, ADR, Series B | 48,009 | 702,132 |
| | | <u>702,132</u> |
| Broadcasting—0.39% | | |
| Television Broadcasts, Ltd. | 76,000 | 518,171 |
| | | <u>518,171</u> |
| Building Materials—2.18% | | |
| Cemex, SA de CV, ADR† | 26,998 | 752,569 |
| Cemex, SA de CV, CPO† | 4 | 22 |
| Nichiha Corp. | 67,200 | 581,037 |
| Owens Corning | 19,600 | 378,525 |
| Pioneer International, Ltd. | 195,000 | 585,651 |
| Pioneer International, Ltd., ADR | 200,000 | 600,680 |
| | | <u>2,898,484</u> |
| Chemicals—2.61% | | |
| Akzo Nobel, N.V. | 15,100 | 753,714 |
| Aventis, SA | 37,755 | 2,179,541 |
| Celanese, AG† | 2,620 | 47,531 |
| Lyondell Chemical Co. | 38,200 | 487,050 |
| | | <u>3,467,836</u> |

See notes to financial statements.

WORLD GROWTH STOCK PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|---------|------------------|
| Commercial Services—1.44% | | |
| Gartner Group, Inc., Class B† | 42,900 | \$ 592,556 |
| Invensys, PLC | 243,900 | 1,324,646 |
| | | <u>1,917,202</u> |
| Computer Equipment & Services—0.72% | | |
| Hewlett-Packard Co. | 8,400 | 957,075 |
| | | <u>957,075</u> |
| Computer Network—0.94% | | |
| 3Com Corp.† | 26,600 | 1,250,200 |
| | | <u>1,250,200</u> |
| Diversified Operations—0.95% | | |
| Internatio-Muller, N.V. | 60,800 | 1,267,555 |
| | | <u>1,267,555</u> |
| Electronics—2.47% | | |
| Agilent Technologies, Inc.† | 13,000 | 1,005,062 |
| Sony Corp. | 7,700 | 2,279,420 |
| | | <u>3,284,482</u> |
| Electronics – Semiconductors—0.59% | | |
| Applied Materials, Inc.† | 6,200 | 785,463 |
| | | <u>785,463</u> |
| Engineering & Construction—1.17% | | |
| ABB, Ltd.† | 12,794 | 1,553,012 |
| | | <u>1,553,012</u> |
| Financial Services—3.85% | | |
| Hutchison Whampoa, Ltd. | 202,000 | 2,936,386 |
| ICICI, Ltd., ADR† | 43,900 | 647,525 |
| Nomura Securities Company, Ltd., The | 85,000 | 1,532,167 |
| | | <u>5,116,078</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|-----------|------------------|
| Food Products—0.83% | | |
| Northern Foods, PLC | 255,954 | \$ 420,746 |
| Showa Sangyo Company, Ltd. | 379,000 | 685,018 |
| | | <u>1,105,764</u> |
| Forest Products & Paper—3.79% | | |
| Bowater, Inc. | 11,500 | 624,594 |
| International Paper Co. | 25,000 | 1,410,937 |
| Portucel Industrial Empresa Produtora† | 97,000 | 664,033 |
| Stora Enso Oyj, Class R | 93,800 | 1,627,421 |
| UPM-Kymmene Oyj | 17,900 | 717,651 |
| | | <u>5,044,636</u> |
| Household Products—0.52% | | |
| McBride, PLC | 439,100 | 697,040 |
| | | <u>697,040</u> |
| Import & Export—2.60% | | |
| Fritz Companies, Inc.† | 60,300 | 633,150 |
| Li & Fung, Ltd. | 1,128,000 | 2,829,613 |
| | | <u>3,462,763</u> |
| Insurance—5.71% | | |
| Ace, Ltd. | 32,000 | 534,000 |
| AXA | 12,800 | 1,775,604 |
| ReliaStar Financial Corp. | 36,200 | 1,418,588 |
| UnumProvident Corp. | 37,700 | 1,208,756 |
| XL Capital, Ltd., Class A | 15,300 | 793,688 |
| Zurich Allied, AG | 3,300 | 1,871,931 |
| | | <u>7,602,567</u> |
| Machinery—0.97% | | |
| Makita Corp. | 86,000 | 772,996 |
| Stork, N.V. | 35,900 | 521,750 |
| | | <u>1,294,746</u> |

See notes to financial statements.

WORLD GROWTH STOCK PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|------------------|
| Manufacturing—4.25% | | |
| Alfa, SA de CV, Class A† | 127,500 | \$ 598,491 |
| Caradon, PLC | 213,500 | 533,320 |
| Manufacturing—Continued | | |
| Desc, SA de CV, ADR† | 13,100 | 219,425 |
| Desc, SA de CV, Series B† | 185,000 | 152,214 |
| Grupo Imsa, SA de CV, ADR | 43,000 | 734,806 |
| Laird Group, PLC | 238,000 | 928,219 |
| McKechnie, PLC | 119,100 | 646,844 |
| Metso Oyj† | 56,400 | 729,237 |
| Varitronix International, Ltd. | 483,500 | 1,113,353 |
| | | <u>5,655,909</u> |
| Medical Products—0.53% | | |
| Nycomed Amersham, PLC | 112,875 | 700,799 |
| | | <u>700,799</u> |
| Mining & Metals – Ferrous & Nonferrous—2.82% | | |
| CONSOL Energy, Inc. | 10,600 | 107,325 |
| Industrias Penoles, SA | 143,300 | 412,663 |
| Pechiney, SA, Class A | 26,136 | 1,858,624 |
| WMC, Ltd. | 250,800 | 1,378,473 |
| | | <u>3,757,085</u> |
| Mining & Metals – Precious—1.65% | | |
| Anglo American Platinum Corp. | 72,482 | 2,201,240 |
| | | <u>2,201,240</u> |
| Oil & Gas – Distribution & Marketing—1.05% | | |
| BG Group, PLC | 25,186 | 162,359 |
| Burlington Resources, Inc. | 18,000 | 595,125 |
| Centrica, PLC | 226,170 | 639,691 |
| | | <u>1,397,175</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|------------------|
| Oil & Gas – Integrated—5.12% | | |
| Elf Aquitaine, SA | 10,500 | \$ 1,610,203 |
| Occidental Petroleum Corp. | 41,800 | 903,925 |
| Repsol, SA | 111,000 | 2,561,111 |
| Shell Transport & Trading Co., PLC | 208,600 | 1,729,649 |
| | | <u>6,804,888</u> |
| Oil & Gas Producers—0.40% | | |
| Ranger Oil, Ltd.† | 172,500 | 534,865 |
| | | <u>534,865</u> |
| Pharmaceutical—1.83% | | |
| AstraZeneca, PLC | 28,924 | 1,218,851 |
| Medeva, PLC | 194,600 | 545,695 |
| Ono Pharmaceutical Company, Ltd. | 25,000 | 669,239 |
| | | <u>2,433,785</u> |
| Publishing & Printing—1.06% | | |
| Roto Smeets de Boer, N.V. | 20,500 | 513,681 |
| Wolters Kluwer, N.V., CVA | 26,500 | 892,453 |
| | | <u>1,406,134</u> |
| Real Estate—1.64% | | |
| Jardine Matheson Holdings, Ltd. | 111,600 | 439,704 |
| Nationwide Health Properties, Inc. | 42,600 | 585,750 |
| Unibail | 9,200 | 1,155,417 |
| | | <u>2,180,871</u> |
| Retail Stores—4.27% | | |
| Coles Myer, Ltd. | 218,312 | 1,123,915 |
| Federated Department Stores, Inc.† | 13,600 | 687,650 |
| Hudson's Bay Co. | 46,700 | 553,462 |
| J.C. Penney Company, Inc. | 41,500 | 827,406 |
| Marks & Spencer, PLC | 93,100 | 442,244 |
| Matsuzakaya Company, Ltd. | 154,000 | 458,893 |
| Tesco, PLC | 524,439 | 1,591,066 |
| | | <u>5,684,636</u> |

See notes to financial statements.

WORLD GROWTH STOCK PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|------------|------------------|
| Telecommunications – Equipment & Services–4.96% | | |
| Alcatel, SA, ADR | 23,227 | \$ 1,045,215 |
| MasTec, Inc.† | 25,500 | 1,134,750 |
| Nortel Networks Corp. | 43,680 | 4,411,680 |
| | | <u>6,591,645</u> |
| Telecommunications – Integrated–4.06% | | |
| Korea Telecom Corp., ADR | 17,700 | 1,323,075 |
| Telecomunicacoes de Sao Paulo† | 17,222,060 | 236,221 |
| Telefonica de Argentina, SA | 27,000 | 833,625 |
| Telefonos de Mexico, SA, ADR, Class L | 26,700 | 3,003,750 |
| | | <u>5,396,671</u> |
| Telecommunications – Wireless–0.38% | | |
| Telesp Celular, SA | 9,394,500 | 508,094 |
| | | <u>508,094</u> |
| Textiles & Apparel–0.54% | | |
| Yue Yuen Industrial Holdings | 300,000 | 717,823 |
| | | <u>717,823</u> |
| Transportation–2.14% | | |
| Airborne Freight Corp. | 42,800 | 941,600 |
| Arriva, PLC | 54,400 | 212,164 |
| Koninklijke Frans Maas Groep, N.V. | 29,800 | 836,324 |
| Seino Transportation Company, Ltd. | 162,000 | 857,838 |
| | | <u>2,847,926</u> |
| Travel Services–1.06% | | |
| Kuoni Reisen, AG | 340 | 1,404,011 |
| | | <u>1,404,011</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|---------|--------------------|
| Utilities – Electric & Gas–6.08% | | |
| Hongkong Electric Holdings, Ltd. | 299,000 | \$ 934,676 |
| Iberdrola, SA | 72,900 | 1,005,416 |
| Korea Electric Power Corp. | 35,500 | 1,103,107 |
| National Grid Group, PLC | 152,670 | 1,158,865 |
| National Power, PLC | 121,700 | 703,134 |
| Potomac Electric Power Co. | 42,362 | 971,678 |
| PowerGen, PLC | 83,400 | 598,114 |
| Texas Utilities Co. | 16,000 | 569,000 |
| Veba, AG | 21,700 | 1,049,439 |
| | | <u>8,093,429</u> |
| Water Treatment–1.24% | | |
| Kurita Water Industries, Ltd. | 52,137 | 827,224 |
| Thames Water, PLC | 65,943 | 820,435 |
| | | <u>1,647,659</u> |
| TOTAL COMMON STOCK (Cost \$92,993,135) | | <u>121,634,891</u> |

PREFERRED STOCK—5.33%

| Company | Shares | Market Value |
|---------------------------------|---------|------------------|
| Banking–0.88% | | |
| National Australia Bank, 7.875% | 42,500 | \$ 1,174,063 |
| | | <u>1,174,063</u> |
| Broadcasting–1.28% | | |
| ProSieben Media, AG | 29,300 | 1,694,507 |
| | | <u>1,694,507</u> |
| Multimedia–0.85% | | |
| News Corporation, Ltd., 5.000% | 132,167 | 1,128,561 |
| | | <u>1,128,561</u> |

See notes to financial statements.

WORLD GROWTH STOCK PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

PREFERRED STOCK—CONTINUED

Telecommunications – Integrated—1.83%

| | | | |
|--|--------|----|------------------|
| Embratel Participacoes, SA, ADR | 64,700 | \$ | 1,763,075 |
| Telecomunicacoes Brasileiras, SA, ADR | 5,310 | | <u>682,335</u> |
| | | | <u>2,445,410</u> |

Telecommunications – Wireless—0.49%

| | | | |
|--|--------|--|----------------|
| Tele Sudeste Celular Participacoes, SA, ADR | 16,800 | | <u>652,050</u> |
| | | | <u>652,050</u> |

TOTAL PREFERRED STOCK

(Cost \$4,562,285) 7,094,591

†Non-income producing security.

RIGHTS AND WARRANTS—0.01%

| Company | Shares | Market Value |
|--|--------|-----------------|
| Building Materials—0.01% | | |
| Cemex, SA, ADR, exp. 12/13/02 @ 6.20 USD† | 1,687 | \$ <u>7,011</u> |
| | | <u>7,011</u> |
| TOTAL RIGHTS AND WARRANTS | | |
| (Cost \$2,952) | | <u>7,011</u> |

FOREIGN BONDS—0.01%

| Company | Principal Value | Market Value |
|--|--------------------|-----------------|
| Oil & Gas – Distribution & Marketing—0.01% | | |
| BG Transco Holdings, PLC, 7.000%, due 12/16/24 | \$3,614 | \$ 5,810 |
| BG Transco Holdings, PLC, Floating Rate Note, 7.057%, due 12/14/10 | 3,614 | 5,860 |
| BG Transco Holdings, PLC, Floating Rate Note, 4.188%, due 12/14/23 | 3,614 | <u>5,659</u> |
| | | <u>17,329</u> |
| TOTAL FOREIGN BONDS | | |
| (Cost \$17,692) | | <u>17,329</u> |

TOTAL INVESTMENTS

| | | |
|--------------------------------|-------------|------------------|
| (Cost \$97,576,064) | 96.79% | 128,753,822 |
| Other assets, less liabilities | <u>3.21</u> | <u>4,273,186</u> |

TOTAL NET ASSETS

| | |
|----------------|----------------------|
| <u>100.00%</u> | <u>\$133,027,008</u> |
|----------------|----------------------|

See notes to financial statements.

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EMERGING GROWTH PORTFOLIO

“We believe that the type of companies we seek out, those with a unique product or service and high growth rates, can continue to do well in today’s environment.”

—John W. Ballen and Toni Y. Shimura, Portfolio Managers—

INCEPTION DATE

May 1, 1995

FUND MANAGER

Massachusetts Financial Services Company

INVESTMENT OBJECTIVE AND STRATEGY

To seek long-term growth of capital by investing primarily in common stocks of small and medium-sized companies.

NET ASSETS AS OF 12/31/99

\$189,472,948

NUMBER OF HOLDINGS

293

PORTFOLIO TURNOVER

163.56%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

Schedule of
Portfolio Investments

JOHN W. BALLEEN Executive Vice President

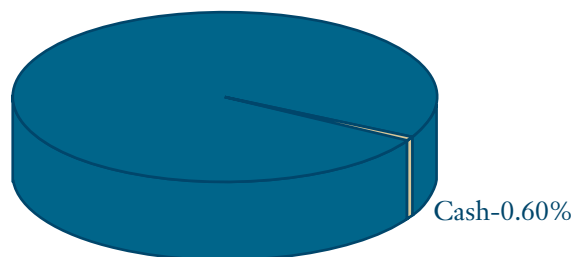
- Director, MFS Equity Portfolio Management
- Joined MFS in 1984
- Serves as MFS senior small capitalization growth equity portfolio manager
- M.B.A. from Stanford University Graduate School of Business
- B.A. from Harvard University

TONI Y. SHIMURA Vice President, Investments

- Joined MFS in 1987
- M.B.A. from Sloan School of Management, Massachusetts Institute of Technology
- B.A. from Wellesley College

EMERGING GROWTH PORTFOLIO

Common Stock-99.40%



or even just meeting earnings estimates. This led us to overweight three areas, which, in fact, drove the Portfolio's outperformance relative to the indexes: telecommunications, technology with a telecommunications focus, and, to a lesser extent, biotechnology.

In the telecommunications area, performance was helped by investments in companies in the United States, Japan, and Europe that are benefiting from a global shift toward wireless communication of both voice and data. Cellular companies we hold include NTT Mobile, the number one cellular carrier in Japan; Bouygues, one of the largest French cellular operators; Sonera, owner of the largest cellular business in Finland; and Voicestream (which recently acquired Omnipoint), one of the few remaining U.S. wireless entities not yet owned by a large telecommunications company. Although we believe each of these companies can continue to do well on its own, we expect that some of them will eventually be taken over by larger companies trying to achieve global cellular coverage. Should that occur, we believe the Portfolio will benefit from takeover-related runups in stock prices.

In the area of technology with a telecommunications focus, a holding that contributed strongly to performance this year was QUALCOMM. This company

For the 12 months ended December 31, 1999, the JPVF Emerging Growth Portfolio provided a total return of 76.51% (including the reinvestment of any distributions). This compares to a 21.04% return over the same period for the Standard & Poor's 500 Composite Index (the S&P 500), a popular, unmanaged index of common stock total return performance, and to a 21.26% return for the Russell 2000 Total Return Index (the Russell 2000), an unmanaged index comprised of 2,000 of the smallest U.S.-domiciled company common stocks that are traded on the New York Stock Exchange, the American Stock Exchange, and NASDAQ.

In 1999, we believed it was essential for the Portfolio to invest in high growth companies that we felt had potential to generate positive earnings surprises, relative to what Wall Street analysts expected, because the market was dealing very cruelly with firms who were missing

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO† |
|--------------------------|-----------------------|
| QUALCOMM, Inc. | 9.60% |
| Oracle Corp. | 9.31% |
| Cisco Systems, Inc. | 6.27% |
| Microsoft Corp. | 4.29% |
| JDS Uniphase Corp. | 3.08% |
| BMC Software, Inc. | 2.89% |
| Nortel Networks Corp. | 2.52% |
| MCI WorldCom, Inc. | 1.97% |
| Tyco International, Ltd. | 1.94% |
| Sonera Oyj | 1.85% |

| TOP TEN INDUSTRIES | PERCENT OF PORTFOLIO† |
|----------------------------------|-----------------------|
| Computer Software – Mainframe | 15.01% |
| Computer Software – Mini & Micro | 9.98% |
| Telecommunications – Wireless | 8.03% |
| Telecommunications – Integrated | 7.41% |
| Electronics – Semiconductors | 6.85% |
| Computer Network | 6.39% |
| Broadcasting | 5.35% |
| Manufacturing | 3.33% |
| Electronic Components | 2.69% |
| Retail Stores | 1.89% |

†Represents market value of investments plus cash.

EMERGING GROWTH PORTFOLIO

owns the patents for the CDMA technology standard used for wireless communications in a large part of the world: North and South America, much of Asia, and potentially all of China (that deal is still pending). QUALCOMM gets a royalty on the infrastructure chips and every handset sold in those markets. This is a company we had been following for several years, and the stock price had been flat, partly because QUALCOMM had a long-standing lawsuit with Ericsson, an equipment manufacturer, over technology standards. We began to buy into QUALCOMM early in the year, believing the lawsuit would be settled in its favor. When that in fact happened, and when global wireless growth turned out to be greater than expected, the stock took off.

Our estimates put wireless penetration in the United States at about 30% of phone users, with the potential to rise to 50% - 60% as it is in Europe. Another driver of increased wireless business will be, we believe, the use of wireless devices to access data over the Internet. It appears to us that these factors point to strong demand for QUALCOMM's products over the next several years. The wonderful thing about this company is that a large part of its revenue comes from licensing an intellectual property; that part of the business has few costs, high profits, and

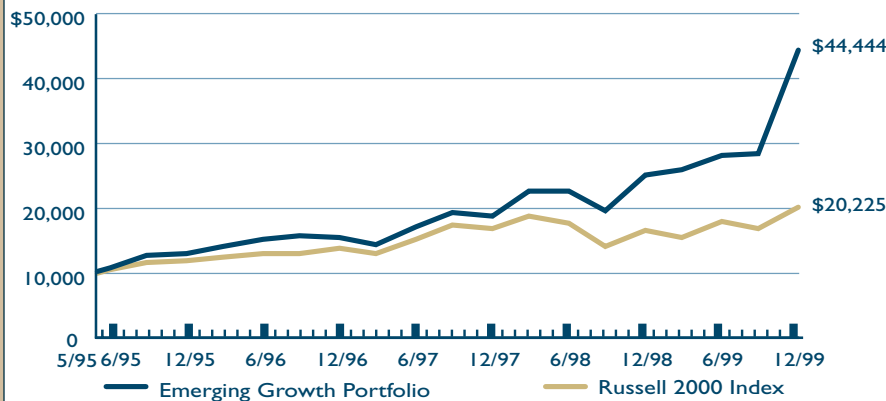
high barriers to entry for potential competition.

In the biotechnology area, a company that contributed strongly to the Portfolio's performance was MedImmune. This pharmaceutical company developed and sells Synagis and Respigam, two drugs which appear to be the gold standard of care for babies and premature infants who get pneumonia. According to our research, these drugs will have no competition in the foreseeable future and their worldwide market is projected to be around \$2.5 billion. MedImmune sales in 1999 were under \$200 million, so we see the potential for strong earnings growth over the next couple of years. In addition, there appears to be the potential for MedImmune to apply these drugs to treating the lung-impaired elderly.

Another factor in the Portfolio's performance was our belief, early in the year, that some of the sectors with steady but perhaps unspectacular earnings growth were moving out of favor - particularly supermarkets, drugstores, and office supply superstores. This led us to cut back or eliminate our positions in companies that turned out to be poor performers for the year, including drugstore chains CVS and Rite Aid, supermarkets Kroger and Safeway, and office superstores Staples and Office Depot.

EMERGING GROWTH PORTFOLIO

Emerging Growth Portfolio and the Russell 2000 Index
Comparison of Change in Value of \$10,000 Investment.



biotech.

Looking ahead to 2000, we believe the challenge will be to continue to pick winning stocks in a difficult environment of rising interest rates and high stock valuations. Our response is to try to invest in stocks of companies which can generate positive earnings surprises because, as we mentioned earlier, in today's market it appears to us that stock prices can be dramatically impacted by even a small earnings shortfall.

Our strategy is to continue to emphasize the sectors we feel offer the greatest opportunity: telecommunications, technology, and, to a lesser extent, biotechnology. We do see the potential for a corrective period, particularly if the Fed continues to raise interest rates, because some stocks have become overvalued. But we believe that the type of companies we seek out, those with a unique product or service and high growth rates, can continue to do well in today's environment.

AVERAGE ANNUAL TOTAL RETURNS

| | EMERGING GROWTH | RUSSELL 2000 INDEX |
|-----------|--------------------|--------------------------|
| 1 YEAR | 76.51% | 21.26% |
| INCEPTION | 37.62% | 16.27% |

Commencement of operations May 1, 1995. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the Emerging Growth Portfolio (the "Portfolio") at its inception with a similar investment in the Russell 2000 Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The Russell 2000 Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

EMERGING GROWTH PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Period From May 1, 1995 to December 31, 1995 (A) |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|
| Net asset value, beginning of year | \$ 23.04 | \$ 17.47 | \$ 15.23 | \$ 13.29 | \$ 10.00 |
| Income From Investment Operations | | | | | |
| Net investment loss | (0.10) | (0.11) | (0.07) | (0.05) | (0.04) |
| Net gains and losses on securities (both realized and unrealized) | <u>17.73</u> | <u>5.85</u> | <u>3.19</u> | <u>2.48</u> | <u>3.33</u> |
| Total from investment operations | 17.63 | 5.74 | 3.12 | 2.43 | 3.29 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | | | | | |
| Dividends in excess of net investment income | | | | | |
| Distributions from capital gains | | (0.06) | (0.88) | (0.49) | |
| Distributions in excess of capital gains | | (0.11) | | | |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | 0.00 | (0.17) | (0.88) | (0.49) | 0.00 |
| Net asset value, end of year | <u>\$ 40.67</u> | <u>\$ 23.04</u> | <u>\$ 17.47</u> | <u>\$ 15.23</u> | <u>\$ 13.29</u> |
| Total Return (B) | 76.51% | 32.93% | 20.47% | 18.30% | 32.91% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 0.94% | 0.94% | 1.00% | 1.16% | 1.63% (C) |
| Net investment income | (0.42%) | (0.61%) | (0.61%) | (0.48%) | (0.84%)(C) |
| Portfolio Turnover Rate | 163.56% | 77.07% | 122.85% | 94.58% | 30.31% |
| Net Assets, At End of Year | \$189,472,948 | \$95,795,377 | \$56,229,175 | \$30,794,030 | \$11,439,524 |

(A) Per share data calculated from the initial offering date, May 1, 1995, for sale to Jefferson Pilot Financial Separate Account A.

(B) Total return assumes reinvestment of all dividends during the period and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost. Total return figures for periods of less than one year have not been annualized.

(C) Per share data and ratios calculated on an annualized basis.

EMERGING GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—99.72%

| Company | Shares | Market Value |
|--|--------|----------------|
| Advertising—0.26% | | |
| Lamar Advertising Co.† | 100 | \$ 6,056 |
| Omnicom Group, Inc. | 4,500 | 450,000 |
| Telefonica Publicida de Informacion, SA† | 800 | 38,688 |
| | | <u>494,744</u> |
| Aerospace & Defense—0.01% | | |
| L-3 Communications Holdings, Inc.† | 200 | 8,325 |
| | | <u>8,325</u> |
| Automotive Manufacturing—0.31% | | |
| Toyota Motor Corp. | 12,000 | 580,333 |
| | | <u>580,333</u> |
| Banking—0.01% | | |
| First Tennessee National Corp. | 200 | 5,700 |
| | | <u>5,700</u> |
| Broadcasting—5.37% | | |
| Acme Communications, Inc.† | 150 | 4,987 |
| AT&T Corp. - Liberty Media Group | 39,100 | 2,218,925 |
| CBS Corp.† | 24,400 | 1,560,075 |
| Classic Communications, Inc.† | 300 | 10,969 |
| Clear Channel Communications, Inc.† | 22,144 | 1,976,352 |
| Comcast Corp. | 14,700 | 743,269 |
| Cox Communications, Inc.† | 892 | 45,938 |
| Cox Radio, Inc.† | 13,800 | 1,376,550 |
| EchoStar Communications Corp.† | 6,800 | 663,000 |
| Emmis Broadcasting Corp.† | 1,600 | 199,425 |
| Grupo Televisa, SA, ADR† | 12,100 | 825,825 |
| Hearst-Argyle Television, Inc.† | 200 | 5,325 |
| Infinity Broadcasting Corp.† | 2,600 | 94,088 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|-------------------|
| Broadcasting—Continued | | |
| PT Multimedia - Servicos de Telecomunicacoes e Multimedia† | 440 | \$ 24,904 |
| Radio One, Inc.† | 700 | 64,400 |
| Radio Unica Corp.† | 250 | 7,219 |
| Spanish Broascating Systems, Inc.† | 2,700 | 108,675 |
| TV Guide, Inc., Class A† | 400 | 17,200 |
| Univision Communications, Inc.† | 1,900 | 194,156 |
| USA Networks, Inc.† | 300 | 16,575 |
| Westwood One, Inc.† | 200 | 15,200 |
| | | <u>10,173,057</u> |
| Building Construction—1.16% | | |
| Bouygues, SA | 3,480 | 2,200,942 |
| | | <u>2,200,942</u> |
| Commercial Services—0.43% | | |
| Cendant Corp.† | 29,162 | 774,615 |
| Concord EFS, Inc.† | 300 | 7,725 |
| Professional Detailing, Inc.† | 200 | 5,988 |
| Quanta Services, Inc.† | 200 | 5,650 |
| TeleTech Holdings, Inc.† | 600 | 20,222 |
| | | <u>814,200</u> |
| Computer Equipment & Services—0.49% | | |
| Affiliated Computer Services, Inc.† | 200 | 9,200 |
| CacheFlow, Inc.† | 190 | 24,831 |
| CheckFree Holdings Corp.† | 230 | 24,035 |
| Computer Sciences Corp.† | 2,800 | 264,950 |
| CSG Systems International, Inc.† | 4,660 | 185,817 |
| Digimarc Corp.† | 800 | 40,000 |
| Electronics for Imaging, Inc.† | 200 | 11,625 |
| EMC Corp./Mass† | 1,800 | 196,650 |
| First Data Corp. | 2,100 | 103,556 |
| FutureLink Distribution Corp.† | 1,300 | 33,800 |

See notes to financial statements.

EMERGING GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|---------|-------------------|
| Computer Equipment & Services—Continued | | |
| Immersion Corp.† | 90 | \$ 3,454 |
| Insight Enterprises, Inc.† | 150 | 6,094 |
| Maxtor Corp.† | 400 | 2,900 |
| Seagate Technology, Inc.† | 200 | 9,313 |
| SmartDisk Corp.† | 75 | 2,456 |
| Tanning Technology Corp.† | 300 | 17,681 |
| | | <u>936,362</u> |
| Computer Information Systems—0.07% | | |
| J.D. Edwards & Co.† | 2,600 | 77,675 |
| Keane, Inc.† | 400 | 12,700 |
| Unisys Corp.† | 500 | 15,969 |
| VA Linux Systems, Inc.† | 150 | 30,994 |
| | | <u>137,338</u> |
| Computer Network—6.41% | | |
| Allscripts, Inc.† | 350 | 15,400 |
| Ancor Communications, Inc.† | 1,850 | 125,569 |
| Cisco Systems, Inc.† | 111,180 | 11,910,158 |
| Cobalt Networks, Inc.† | 90 | 9,754 |
| Computer Network Technology Corp.† | 800 | 18,350 |
| Foundry Networks, Inc.† | 150 | 45,253 |
| Network Associates, Inc.† | 900 | 24,018 |
| Predictive Systems, Inc.† | 25 | 1,637 |
| | | <u>12,150,139</u> |
| Computer Software – Mainframe—15.06% | | |
| Aspen Technology, Inc.† | 200 | 5,287 |
| BMC Software, Inc.† | 68,635 | 5,486,510 |
| Brio Technology, Inc.† | 700 | 29,400 |
| Business Objects, SA ,ADR† | 1,500 | 200,438 |
| Cadence Design Systems, Inc.† | 27,960 | 671,040 |
| Clarify, Inc.† | 280 | 35,280 |
| Compuware Corp.† | 56,100 | 2,089,725 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|---------|-------------------|
| Computer Software – Mainframe—Continued | | |
| F-Secure Oyj† | 100 | \$ 2,907 |
| i2 Technologies, Inc.† | 7,400 | 1,443,000 |
| Manugistics Group, Inc.† | 1,700 | 54,931 |
| Mercury Interactive Corp.† | 800 | 86,350 |
| Metasolv Software, Inc.† | 130 | 10,628 |
| MicroStrategy, Inc.† | 500 | 105,000 |
| NetIQ Corp.† | 150 | 7,809 |
| Oracle Corp.† | 157,925 | 17,697,470 |
| Siebel Systems, Inc.† | 7,200 | 604,800 |
| | | <u>28,530,575</u> |
| Computer Software – Mini & Micro—10.01% | | |
| Adobe Systems, Inc. | 3,800 | 255,550 |
| Agile Software Corp.† | 775 | 168,357 |
| Computer Associates International, Inc. | 42,012 | 2,938,214 |
| GRIC Communications, Inc.† | 70 | 1,776 |
| iManage, Inc.† | 30 | 963 |
| Macromedia, Inc.† | 3,900 | 285,188 |
| McAfee.com Corp.† | 310 | 13,950 |
| Microsoft Corp.† | 69,900 | 8,160,825 |
| OnDisplay, Inc.† | 40 | 3,635 |
| Open Market, Inc.† | 6,500 | 293,313 |
| PeopleSoft, Inc.† | 743 | 15,825 |
| RealNetworks, Inc.† | 1,000 | 120,312 |
| SAP, AG, ADR | 900 | 46,856 |
| Softbank Corp. | 500 | 477,749 |
| Sun Microsystems, Inc.† | 43,000 | 3,329,813 |
| Symantec Corp.† | 3,800 | 222,775 |
| Tecnomatix Technologies, Ltd.† | 500 | 14,375 |
| VERITAS Software Corp.† | 18,250 | 2,612,031 |
| Virata Corp.† | 100 | 2,987 |
| | | <u>18,964,494</u> |

See notes to financial statements.

EMERGING GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|------------------|
| Cosmetics & Personal Care—0.01% | | |
| Carson, Inc.† | 8,200 | \$ 26,650 |
| | | <u>26,650</u> |
| Diversified Operations—0.20% | | |
| Hutchison Whampoa, Ltd. | 26,000 | 377,950 |
| | | <u>377,950</u> |
| Educational Services—0.14% | | |
| Learning Tree International, Inc.† | 9,700 | 271,600 |
| | | <u>271,600</u> |
| Electronic Components—2.70% | | |
| Analog Devices, Inc.† | 9,800 | 911,400 |
| Flextronics International, Ltd.† | 320 | 14,720 |
| Jabil Circuit, Inc.† | 160 | 11,680 |
| Kyocera Corp. | 10,200 | 2,640,809 |
| Maxim Integrated Products, Inc.† | 260 | 12,269 |
| Micrel, Inc.† | 200 | 11,388 |
| Microchip Technology, Inc.† | 170 | 11,634 |
| Murata Manufacturing Company, Ltd. | 1,000 | 234,478 |
| Optical Coating Laboratory, Inc. | 100 | 29,600 |
| Sanmina Corp.† | 100 | 9,988 |
| SIPEX Corp.† | 1,300 | 31,931 |
| Solelectron Corp.† | 700 | 66,588 |
| Synopsys, Inc.† | 147 | 9,812 |
| Xilinx, Inc.† | 24,600 | 1,118,532 |
| | | <u>5,114,829</u> |
| Electronics—1.57% | | |
| Agilent Technologies, Inc.† | 1,680 | 129,885 |
| Credence Systems Corp.† | 200 | 17,300 |
| Electro Scientific Industries, Inc.† | 180 | 13,140 |
| LTX Corp.† | 600 | 13,425 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|-------------------|
| Electronics—Continued | | |
| Powerwave Technologies, Inc.† | 200 | \$ 11,675 |
| Sony Corp. | 1,500 | 444,043 |
| Sony Corp., ADR | 6,100 | 1,736,975 |
| Teradyne, Inc.† | 8,800 | 580,800 |
| Thomson Multimedia† | 650 | 34,855 |
| | | <u>2,982,098</u> |
| Electronics – Semiconductors—6.88% | | |
| Altera Corp.† | 46,700 | 2,314,569 |
| Applied Materials, Inc.† | 13,100 | 1,659,606 |
| Applied Micro Circuits Corp.† | 400 | 50,900 |
| ARM Holdings, PLC | 2,500 | 168,292 |
| ARM Holdings, PLC, ADR† | 13,860 | 2,654,190 |
| ASM Lithography Holding, N.V.† | 5,400 | 614,250 |
| Atmel Corp.† | 3,400 | 100,513 |
| ATMI, Inc.† | 240 | 7,935 |
| Burr-Brown Corp.† | 300 | 10,838 |
| Caliper Technologies Corp.† | 110 | 7,342 |
| Conexant Systems, Inc.† | 15,900 | 1,055,363 |
| Lam Research Corp.† | 3,600 | 401,625 |
| MIPS Technologies, Inc.† | 200 | 10,400 |
| Motorola, Inc. | 13,600 | 2,002,600 |
| National Semiconductor Corp.† | 3,200 | 137,000 |
| Novellus Systems, Inc.† | 1,700 | 208,303 |
| Photonics, Inc.† | 280 | 8,015 |
| QLogic Corp.† | 100 | 15,987 |
| Rohm Co., Ltd. | 500 | 205,168 |
| Sage, Inc.† | 70 | 1,356 |
| SDL, Inc.† | 2,400 | 523,200 |
| STMicroelectronics, N.V., NY Registered | 2,300 | 348,306 |
| Texas Instruments, Inc. | 5,400 | 523,125 |
| | | <u>13,028,883</u> |

See notes to financial statements.

EMERGING GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Entertainment & Leisure—0.01% | | |
| Harrah's Entertainment, Inc.† | 300 | \$ 7,931 |
| | | <u>7,931</u> |
| Financial Services—0.82% | | |
| American Express Co. | 4,600 | 764,750 |
| Lehman Brothers Holdings, Inc.† | 4,300 | 364,156 |
| Morgan Stanley Dean Witter & Co. | 2,900 | 413,975 |
| Waddell & Reed Financial, Inc. | 200 | 5,425 |
| | | <u>1,548,306</u> |
| Food Service & Restaurants—0.01% | | |
| Brinker International, Inc.† | 200 | 4,800 |
| CEC Entertainment, Inc.† | 300 | 8,513 |
| Papa John's International, Inc.† | 100 | 2,606 |
| | | <u>15,919</u> |
| Healthcare—0.09% | | |
| United Healthcare Corp. | 3,100 | 164,688 |
| | | <u>164,688</u> |
| Internet Services—1.77% | | |
| AGENCY.COM, Inc.† | 100 | 5,100 |
| Akamai Technologies, Inc.† | 225 | 73,715 |
| Alteon Websystems, Inc.† | 100 | 8,775 |
| America Online, Inc.† | 5,600 | 422,450 |
| BEA Systems, Inc.† | 400 | 27,975 |
| Breakaway Solutions, Inc.† | 175 | 12,775 |
| China.com Corp.† | 100 | 7,862 |
| CMGI, Inc.† | 800 | 221,500 |
| Data Return Corp.† | 275 | 14,712 |
| Deltathree.com, Inc.† | 120 | 3,090 |
| Digital Insight Corp.† | 200 | 7,275 |
| Ebenx, Inc.† | 70 | 3,168 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|------------------------------------|--------|------------------|
| Internet Services—Continued | | |
| eSPEED, Inc.† | 300 | \$ 10,669 |
| FreeMarkets, Inc.† | 50 | 17,066 |
| Harbinger Corp.† | 500 | 15,906 |
| Internap Network Services Corp.† | 450 | 77,850 |
| Internet Commerce Corp.† | 1,200 | 37,350 |
| Keynote Systems, Inc.† | 150 | 11,063 |
| Korea Thrunet Co., Ltd.† | 910 | 61,766 |
| Lifeminders.com, Inc.† | 100 | 5,775 |
| Lycos, Inc.† | 1,700 | 135,256 |
| MedicaLogic, Inc.† | 190 | 3,990 |
| Quintus Corp.† | 190 | 8,716 |
| SonicWALL, Inc.† | 100 | 4,025 |
| Thus, PLC† | 7,580 | 47,764 |
| USWeb Corp.† | 200 | 8,888 |
| VeriSign, Inc.† | 11,000 | 2,100,313 |
| Women.com Networks, Inc.† | 475 | 6,769 |
| | | <u>3,361,563</u> |
| Lodging—0.01% | | |
| Four Seasons Hotels, Inc. | 200 | 10,650 |
| Hilton Hotels Corp. | 434 | 4,179 |
| | | <u>14,829</u> |
| Machinery—0.02% | | |
| SI Handling Systems, Inc. | 4,850 | 46,227 |
| | | <u>46,227</u> |
| Manufacturing—3.34% | | |
| Callaway Golf Co. | 500 | 8,844 |
| Corning, Inc. | 4,200 | 541,538 |
| Mannesmann, AG | 8,750 | 2,100,456 |
| Tyco International, Ltd. | 94,798 | 3,685,272 |
| | | <u>6,336,110</u> |

See notes to financial statements.

EMERGING GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Marketing Services—0.02% | | |
| Digital Impact, Inc.† | 160 | \$ 8,020 |
| DoubleClick, Inc.† | 105 | 26,572 |
| Harris Interactive, Inc.† | 120 | 1,567 |
| Mediaplex, Inc.† | 130 | 8,158 |
| | | <u>44,317</u> |
| Medical – Biotechnology—1.85% | | |
| Chiron Corp.† | 7,300 | 309,337 |
| Enzon, Inc.† | 500 | 21,687 |
| Genentech, Inc.† | 11,100 | 1,492,950 |
| Human Genome Sciences, Inc.† | 1,300 | 198,413 |
| IDEC Pharmaceuticals Corp.† | 1,800 | 176,850 |
| ImClone Systems, Inc.† | 300 | 11,888 |
| Immunex Corp.† | 7,500 | 821,250 |
| Merrill Lynch Biotech Holding Co.† | 3,300 | 473,550 |
| Transkaryotic Therapies, Inc.† | 200 | 7,700 |
| | | <u>3,513,625</u> |
| Medical Products—0.02% | | |
| Johnson & Johnson | 383 | 35,667 |
| | | <u>35,667</u> |
| Mining & Metals – Ferrous & Nonferrous—0.00% | | |
| Phelps Dodge Corp. | 60 | 4,028 |
| | | <u>4,028</u> |
| Multimedia—0.12% | | |
| Time Warner, Inc. | 3,100 | 224,556 |
| | | <u>224,556</u> |
| Office Equipment—0.42% | | |
| Canon, Inc. | 20,000 | 793,317 |
| | | <u>793,317</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Oil & Gas Producers—0.10% | | |
| Noble Drilling Corp.† | 5,600 | \$ 183,400 |
| | | <u>183,400</u> |
| Oil & Gas Services & Equipment—0.01% | | |
| Atwood Oceanics, Inc.† | 200 | 7,725 |
| | | <u>7,725</u> |
| Packaging & Containers—0.01% | | |
| Smurfit-Stone Container Corp.† | 300 | 7,350 |
| | | <u>7,350</u> |
| Pharmaceutical—1.71% | | |
| Andrx Corp.† | 200 | 8,462 |
| King Pharmaceuticals, Inc.† | 900 | 50,456 |
| MedImmune, Inc.† | 14,500 | 2,405,188 |
| Sepracor, Inc.† | 5,000 | 495,938 |
| Teva Pharmaceutical Industries, Ltd. | 4,000 | 286,750 |
| | | <u>3,246,794</u> |
| Photo Equipment—0.00% | | |
| Polaroid Corp. | 300 | 5,644 |
| | | <u>5,644</u> |
| Professional Sports—0.01% | | |
| International Speedway Corp.† | 308 | 15,516 |
| | | <u>15,516</u> |
| Real Estate—0.00% | | |
| Starwood Hotels & Resorts Worldwide | 200 | 4,700 |
| | | <u>4,700</u> |

See notes to financial statements.

EMERGING GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Retail – Internet–0.01% | | |
| Expedia, Inc.† | 170 | \$ 5,950 |
| Fogdog, Inc.† | 120 | 1,140 |
| Tickets.com, Inc.† | 325 | 4,652 |
| Webvan Group, Inc.† | 220 | 3,630 |
| | | <u>15,372</u> |
| Retail Stores–1.89% | | |
| Autonation, Inc.† | 700 | 6,475 |
| Cost Plus, Inc.† | 300 | 10,687 |
| Fast Retailing Co., Ltd. | 1,000 | 406,428 |
| Home Depot, Inc., The | 17,400 | 1,192,988 |
| Office Depot, Inc.† | 12,100 | 132,344 |
| Wal-Mart Stores, Inc. | 26,600 | 1,838,725 |
| | | <u>3,587,647</u> |
| Telecommunications – Equipment & Services–19.99% | | |
| Airnet Communications Corp.† | 280 | 10,185 |
| Amdocs, Ltd.† | 697 | 24,046 |
| American Tower Corp., Class A† | 300 | 9,169 |
| Aware, Inc.† | 100 | 3,637 |
| CIENA Corp.† | 12,600 | 724,500 |
| CommScope, Inc.† | 1,000 | 40,312 |
| E-Tek Dynamics, Inc.† | 1,100 | 148,087 |
| Global Crossing Ltd.† | 8,000 | 400,000 |
| Hikari Tsushin, Inc. | 300 | 600,850 |
| iBasis, Inc.† | 60 | 1,725 |
| ITC^DeltaCom, Inc.† | 300 | 8,288 |
| JDS Uniphase Corp.† | 36,300 | 5,855,644 |
| Level 3 Communications, Inc.† | 4,400 | 360,250 |
| Lucent Technologies, Inc. | 1,000 | 74,813 |
| Metromedia Fiber Network, Inc.† | 10,390 | 498,071 |
| Microcell | | |
| Telecommunications, Inc.† | 10,000 | 328,750 |
| Next Level Communications, Inc.† | 820 | 61,398 |
| Nokia Oyj, SA, ADR | 17,700 | 3,363,000 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|---------|-------------------|
| Telecommunications – Equipment & Services–Continued | | |
| Nortel Networks Corp. | 47,400 | \$ 4,787,400 |
| Olivetti, SpA | 188,500 | 543,187 |
| PairGain Technologies, Inc.† | 3,100 | 43,981 |
| QUALCOMM, Inc.† | 103,600 | 18,246,550 |
| Sycamore Networks, Inc.† | 200 | 61,600 |
| Tekelec† | 1,300 | 29,250 |
| Telefonaktiebolaget LM | | |
| Ericsson, ADR† | 25,100 | 1,648,756 |
| Wireless Facilities, Inc.† | 110 | 4,799 |
| | | <u>37,878,248</u> |
| Telecommunications – Integrated–7.44% | | |
| BCE, Inc. | 3,100 | 279,581 |
| DDI Corp. | 131 | 1,791,803 |
| Global TeleSystems | | |
| Group, Inc.† | 4,200 | 145,425 |
| Hyperion | | |
| Telecommunications, Inc.† | 500 | 24,000 |
| Jazztel, PLC, ADR† | 2,060 | 134,157 |
| KPN, N.V. | 11,400 | 1,107,207 |
| MCI WorldCom, Inc.† | 70,608 | 3,746,637 |
| Nippon Telegraph & Telephone Corp. | 27 | 461,629 |
| NTL, Inc.† | 2,500 | 311,875 |
| Qwest Communications | | |
| International, Inc.† | 17,000 | 731,000 |
| Sonera Oyj | 51,500 | 3,512,654 |
| Telecom Italia, SpA | 18,100 | 253,984 |
| Telefonos de Mexico, SA, | | |
| ADR, Class L† | 10,800 | 1,215,000 |
| Telephone and Data | | |
| Systems, Inc. | 3,000 | 378,000 |
| | | <u>14,092,952</u> |

See notes to financial statements.

EMERGING GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

| COMMON STOCK—CONTINUED | | |
|--|---------|-------------------|
| Company | Shares | Market Value |
| Telecommunications – Wireless–8.06% | | |
| AirGate PCS, Inc.† | 300 | \$ 15,825 |
| Centennial Cellular Corp.† | 200 | 16,575 |
| China Telecom Hong Kong, Ltd. | 136,000 | 850,273 |
| CommNet Cellular, Inc.† | 300 | 9,637 |
| Metricom, Inc.† | 200 | 15,725 |
| MobilCom, AG | 1,900 | 161,872 |
| Nextel Communication, Inc.† | 21,400 | 2,206,875 |
| NTT Mobile Communication Network, Inc. | 48 | 1,842,997 |
| Omnipoint Corp.† | 19,300 | 2,328,063 |
| Partner Communications Co., Ltd.† | 2,950 | 76,331 |
| Powertel, Inc.† | 3,300 | 331,237 |
| Price Communications Corp.† | 300 | 8,344 |
| Sprint Corp. - PCS Group† | 25,300 | 2,593,250 |
| TALK.com, Inc.† | 4,300 | 76,325 |
| TeleCorp PCS, Inc.† | 280 | 10,640 |
| Telecom Italia Mobile, SpA | 39,300 | 436,842 |
| Tritel, Inc.† | 200 | 6,337 |
| United States Cellular Corp.† | 200 | 20,188 |
| VoiceStream Wireless Corp.† | 23,000 | 3,273,188 |
| Western Wireless Corp.† | 14,800 | 987,900 |
| | | <u>15,268,424</u> |
| Telecommunications – Wireline–0.28% | | |
| COLT Telecom Group, PLC | 10,100 | 515,824 |
| Time Warner Telecom, Inc.† | 300 | 14,981 |
| | | <u>530,805</u> |

†Non-income producing security.

| COMMON STOCK—CONTINUED | | |
|---|----------------|----------------------|
| Company | Shares | Market Value |
| Transportation–0.00% | | |
| Atlas Air, Inc.† | 150 | \$ 4,116 |
| | | <u>4,116</u> |
| Travel Services–0.01% | | |
| Pegasus Systems, Inc.† | 200 | 12,063 |
| | | <u>12,063</u> |
| Utilities – Electric & Gas–0.61% | | |
| Calpine Corp.† | 18,100 | 1,158,400 |
| | | <u>1,158,400</u> |
| Wholesale Distributor–0.00% | | |
| United Stationers, Inc.† | 300 | 8,569 |
| | | <u>8,569</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$98,844,155) | | <u>188,937,027</u> |
| TOTAL INVESTMENTS | | |
| (Cost \$98,844,155) | 99.72% | 188,937,027 |
| Other assets, less liabilities | <u>0.28</u> | <u>535,921</u> |
| TOTAL NET ASSETS | <u>100.00%</u> | <u>\$189,472,948</u> |

See notes to financial statements.

CAPITAL GROWTH PORTFOLIO

“We will continue to add only those positions we feel are capable of performing well in any environment, leveraging our hands-on research in an effort to provide the very best returns possible in an increasingly uncertain market.”

—Mark Pinto, Portfolio Manager—

INCEPTION DATE

May 30, 1992

FUND MANAGER

Janus Capital Corporation

INVESTMENT OBJECTIVE AND STRATEGY

To seek capital growth.
Realization of income is not a significant investment consideration.

NET ASSETS AS OF 12/31/99

\$365,864,399

NUMBER OF HOLDINGS

43

PORTFOLIO TURNOVER

41.65%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

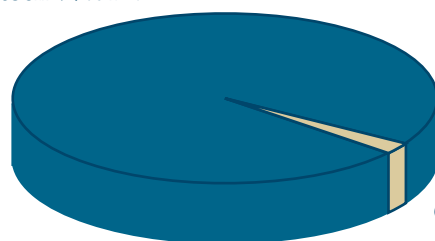
Schedule of
Portfolio Investments

MARK PINTO, CFA Vice President

- Joined Janus Capital Corporation in 1994
- 14 years of investment experience
- B.A. from Yale University
- M.B.A. from Harvard University
- Chartered Financial Analyst

CAPITAL GROWTH PORTFOLIO

Common Stock-97.81%



Cash-2.19%

U.S. economy was expanding too quickly for its own good.

The JPVF Capital Growth Portfolio performed well in this environment, as strength among our wireless, technology and media stocks allowed us to outpace our benchmark, the S&P 500 Index. Wireless handset leader Nokia, aided by a strong third quarter earnings release and accelerating industry-wide growth, was one of our most notable performers. In technology, Sun Microsystems and Cisco Systems, two companies that operate behind the scenes of explosive growth in Internet traffic, also contributed to performance. EMC Corp., a dominant player in the enterprise storage market, was another standout. Our media positions also turned in an impressive performance. September's announced merger between CBS and Viacom was well received by the

Growth stocks, particularly technology-related issues, registered the market's most dramatic gains during the second half of 1999. Other sectors also fared moderately well and the market finished the period higher despite a brief retrenchment in the early fall. Notably, the market's strength came despite a persistent rise in interest rates, increasing uneasiness surrounding the inflation outlook and growing concerns that the

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO† |
|-------------------------|-----------------------|
| Nokia Oyj, SA, ADR | 6.47% |
| Cisco Systems, Inc. | 5.15% |
| Time Warner, Inc. | 4.80% |
| Microsoft Corp. | 4.44% |
| Comcast Corp. | 4.17% |
| EMC Corp./Mass | 3.80% |
| General Electric Co. | 3.76% |
| Sun Microsystems, Inc. | 3.45% |
| Applied Materials, Inc. | 3.36% |
| Dell Computer Corp. | 2.74% |

| TOP TEN INDUSTRIES | PERCENT OF PORTFOLIO† |
|-------------------------------|-----------------------|
| Electronics – | |
| Semiconductors | 9.41% |
| Broadcasting | 8.92% |
| Telecommunications – | |
| Equipment & Services | 8.30% |
| Computer Software – | |
| Mini & Micro | 7.89% |
| Financial Services | 7.82% |
| Multimedia | 7.27% |
| Retail Stores | 6.55% |
| Computer Equipment & Services | 6.53% |
| Telecommunications – | |
| Wireless | 6.20% |
| Computer Network | 5.15% |

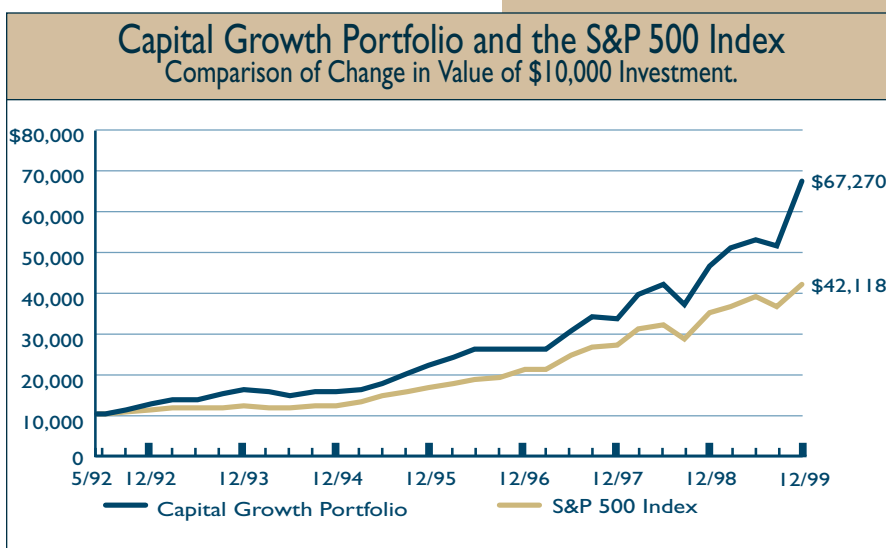
†Represents market value of investments plus cash.

CAPITAL GROWTH PORTFOLIO

market, and both companies gained during the period. Liberty Media and Time Warner also traded higher, aided by the strongest advertising market on record and excitement surrounding the pace of industry consolidation.

Despite these and other gains, there were disappointments. Rising interest rates held back rate-sensitive financial shares, and our position in Fannie Mae gave ground as a result. Drug maker Schering-Plough was another disappointment, as the environment for large cap pharmaceuticals remained depressed.

Looking forward, we believe our continued efforts to increase the growth profile of the Portfolio, characterized this quarter by a willingness to trade out of some of the Portfolio's slowest growers, will continue to pay off in coming



months. Meanwhile, we will continue to add only those positions we feel are capable of performing well in any environment, leveraging our hands-on research in an effort to provide the very best returns possible in an increasingly uncertain market.

AVERAGE ANNUAL TOTAL RETURNS

| | CAPITAL GROWTH | S&P 500 INDEX |
|-----------|----------------|---------------|
| 1 YEAR | 44.66% | 21.04% |
| 5 YEARS | 34.38% | 28.51% |
| INCEPTION | 28.21% | 20.62% |

Commencement of operations May 1, 1992. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the Capital Growth Portfolio (the "Portfolio") at its inception with a similar investment in the S&P 500 Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The S&P 500 Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

CAPITAL GROWTH PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Year Ended December 31, 1995 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 27.90 | \$ 21.23 | \$ 17.26 | \$ 17.38 | \$ 13.38 |
| Income From Investment Operations | | | | | |
| Net investment income (loss) | (0.12) | (0.09) | | 0.05 | 0.03 |
| Net gains and losses on securities (both realized and unrealized) | <u>12.31</u> | <u>8.25</u> | <u>4.99</u> | <u>3.24</u> | <u>5.56</u> |
| Total from investment operations | 12.19 | 8.16 | 4.99 | 3.29 | 5.59 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | | | | (0.05) | (0.03) |
| Dividends in excess of net investment income | | | | | |
| Distributions from capital gains | (0.82) | (1.49) | (0.81) | (3.36) | (1.56) |
| Distributions in excess of capital gains | | | (0.21) | | |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | (0.82) | (1.49) | (1.02) | (3.41) | (1.59) |
| Net asset value, end of year | <u>\$ 39.27</u> | <u>\$ 27.90</u> | <u>\$ 21.23</u> | <u>\$ 17.26</u> | <u>\$ 17.38</u> |
| Total Return (A) | 44.65% | 38.47% | 29.41% | 19.25% | 41.74% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 1.03% | 1.09% | 1.09% | 1.13% | 1.15% |
| Net investment income | (0.42%) | (0.38%) | 0.02% | 0.30% | 0.21% |
| Portfolio Turnover Rate | 41.65% | 54.58% | 91.66% | 147.82% | 170.32% |
| Net Assets, At End of Year | \$365,864,399 | \$198,002,451 | \$124,123,995 | \$70,832,162 | \$49,853,029 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

CAPITAL GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—97.87 %

| Company | Shares | Market Value |
|---|---------|-------------------|
| Airlines—1.03% | | |
| Southwest Airlines Co. | 233,065 | \$ 3,772,739 |
| | | <u>3,772,739</u> |
| Banking—3.99% | | |
| Bank of New York Company, Inc., The | 222,095 | 8,883,800 |
| Citigroup, Inc. | 103,112 | 5,729,161 |
| | | <u>14,612,961</u> |
| Beverages—1.31% | | |
| Anheuser-Busch Companies, Inc. | 67,675 | 4,796,466 |
| | | <u>4,796,466</u> |
| Broadcasting—8.93% | | |
| AT&T Corp. - Liberty Media Group | 156,700 | 8,892,725 |
| Cablevision Systems Corp.† | 26,430 | 1,995,465 |
| CBS Corp.† | 102,020 | 6,522,904 |
| Comcast Corp. | 301,805 | 15,260,015 |
| | | <u>32,671,109</u> |
| Computer Equipment & Services—6.54% | | |
| Dell Computer Corp.† | 196,340 | 10,013,340 |
| EMC Corp./Mass† | 127,200 | 13,896,600 |
| | | <u>23,909,940</u> |
| Computer Network—5.15% | | |
| Cisco Systems, Inc.† | 176,021 | 18,856,250 |
| | | <u>18,856,250</u> |
| Computer Software – Mini & Micro—7.89% | | |
| Microsoft Corp.† | 139,110 | 16,241,093 |
| Sun Microsystems, Inc.† | 163,050 | 12,626,184 |
| | | <u>28,867,277</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|-------------------|
| Electronics – Components—2.62% | | |
| Linear Technology Corp. | 134,100 | \$ 9,596,531 |
| | | <u>9,596,531</u> |
| Electronics – Semiconductors—9.41% | | |
| Applied Materials, Inc.† | 97,200 | 12,314,025 |
| ASM Lithography Holding, N.V.† | 83,875 | 9,540,781 |
| Taiwan Semiconductor Manufacturing Co., Ltd.† | 134,100 | 6,034,500 |
| Texas Instruments, Inc. | 67,520 | 6,541,000 |
| | | <u>34,430,306</u> |
| Entertainment & Leisure—3.06% | | |
| Autotote Corp., Class A† | 4,672 | 15,184 |
| Carnival Corp. | 119,565 | 5,716,702 |
| MGM Grand, Inc. | 108,235 | 5,445,573 |
| | | <u>11,177,459</u> |
| Financial Services—7.82% | | |
| American Express Co. | 51,620 | 8,581,825 |
| Charles Schwab Corp., The | 142,274 | 5,459,765 |
| Fannie Mae | 77,900 | 4,863,881 |
| Morgan Stanley Dean Witter & Co. | 67,985 | 9,704,859 |
| | | <u>28,610,330</u> |
| Manufacturing—5.06% | | |
| General Electric Co. | 88,855 | 13,750,311 |
| Tyco International, Ltd. | 122,110 | 4,747,026 |
| | | <u>18,497,337</u> |
| Multimedia—7.28% | | |
| Time Warner, Inc. | 242,615 | 17,574,424 |
| Viacom, Inc., Class B† | 149,775 | 9,052,027 |
| | | <u>26,626,451</u> |

See notes to financial statements.

CAPITAL GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|-------------------|
| Office Equipment—0.67% | | |
| Pitney Bowes, Inc. | 50,815 | \$ 2,455,000 |
| | | <u>2,455,000</u> |
| Oil & Gas – Distribution & Marketing—1.58% | | |
| Enron Corp. | 129,925 | 5,765,422 |
| | | <u>5,765,422</u> |
| Pharmaceutical—1.86% | | |
| Schering-Plough Corp. | 51,800 | 2,185,312 |
| Warner-Lambert Co. | 56,450 | 4,625,372 |
| | | <u>6,810,684</u> |
| Retail Stores—6.56% | | |
| Costco Wholesale Corp.† | 58,325 | 5,322,156 |
| Home Depot, Inc., The | 119,078 | 8,164,251 |
| Staples, Inc. | 218,115 | 4,525,886 |
| Wal-Mart Stores, Inc. | 86,425 | 5,974,128 |
| | | <u>23,986,421</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|----------------|----------------------|
| Telecommunications – Equipment & Services—8.31% | | |
| Lucent Technologies, Inc. | 89,825 | \$ 6,720,033 |
| Nokia Oyj, SA, ADR | 124,630 | 23,679,700 |
| | | <u>30,399,733</u> |
| Telecommunications – Integrated—2.60% | | |
| Telefonica, SA, ADR† | 120,745 | 9,516,215 |
| | | <u>9,516,215</u> |
| Telecommunications – Wireless—6.20% | | |
| Nextel Communication Inc.† | 78,180 | 8,062,313 |
| Sprint Corp. - PCS Group† | 96,160 | 9,856,400 |
| Vodafone Airtouch PLC | 96,400 | 4,771,800 |
| | | <u>22,690,513</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$201,232,568) | | <u>358,049,144</u> |
| TOTAL INVESTMENTS | | |
| (Cost \$201,232,568) | 97.87% | 358,049,144 |
| Other assets, less liabilities | <u>2.13</u> | <u>7,815,255</u> |
| TOTAL NET ASSETS | | |
| | <u>100.00%</u> | <u>\$365,864,399</u> |

See notes to financial statements.

SMALL COMPANY PORTFOLIO

“Based on our belief that many small companies currently have attractive fundamentals and offer very good relative value versus large-company stocks, we expect small-cap stocks to deliver good relative performance in the future.”

—Stephen J. McGruder, Portfolio Manager—

INCEPTION DATE

April 18, 1986

FUND MANAGER

Lord, Abbett and Company

INVESTMENT OBJECTIVE AND STRATEGY

To achieve growth of capital by investing in a diversified portfolio primarily of U.S. equity securities issued by small companies.

NET ASSETS AS OF 12/31/99

\$92,991,539

NUMBER OF HOLDINGS

150

PORTFOLIO TURNOVER

143.95%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

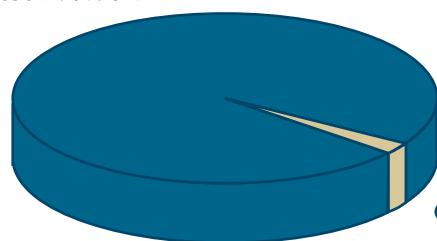
Schedule of
Portfolio Investments

STEPHEN J. McGRUDER, CFA Partner

- Joined Lord, Abbett in 1995
- Nearly 30 years of industry experience
- B.S. from Stanford University
- B.A. in Business Economics from Claremont McKenna College
- Chartered Financial Analyst

SMALL COMPANY PORTFOLIO

Common Stock-97.64%



Cash-2.36%

different performances of these two indexes is that only a few growth-oriented companies, primarily in the technology sector and with market capitalizations in excess of \$1 billion, contributed to the strong performance of the Russell 2000 Growth Index.

Careful bottom-up stock selection contributed to the Portfolio's positive return throughout the year. The Portfolio's overall performance was most significantly affected by our overweighting in the technology sector, which benefited from rapid multiple expansion and strong earnings growth. In addition, the Portfolio was overweighted in the retail and leisure industries, where we uncovered several opportunities as a result of our ongoing, proprietary research.

We reduced our exposure to the healthcare stocks as influence from Washington, D.C. and market speculation regarding possible government intervention, made 1999 a disappointing year for the healthcare sector. Many information technology (IT) services companies also experienced some difficulty surrounding Y2K spending. In addition, the Portfolio was underweighted in financial services

Market Review

1999 was an interesting year for the stock markets. Many of the broad indexes (S&P 500, Russell 2000, etc) posted returns in excess of 20%. However, overall performance of these indexes was driven by a relatively narrow group of stocks. Stocks of technology and Internet companies, which were subject to some volatility, influenced performance the most in the small-cap growth sector throughout the year.

Portfolio Review

For the six month period ending December 31, 1999, JPVF Small Company Portfolio returned 15.27%, exceeding the 10.96% performance of the Russell 2000 Index, but lagging the 26.83% performance of the Russell 2000 Growth Index. One reason for the

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO† |
|-------------------------------------|-----------------------|
| S1 Corp. | 2.61% |
| MICROS Systems, Inc. | 2.55% |
| NBC Internet, Inc. | 2.49% |
| Plantronics, Inc. | 2.47% |
| Sawtek, Inc. | 2.34% |
| RadiSys Corp. | 2.14% |
| Xircom, Inc. | 2.09% |
| TeleTech Holdings, Inc. | 2.07% |
| Cambridge Technology Partners, Inc. | 1.95% |
| Advanced Digital Information Corp. | 1.62% |

| TOP TEN INDUSTRIES | PERCENT OF PORTFOLIO† |
|---|-----------------------|
| Computer Equipment & Services | 11.18% |
| Computer Software – Mini & Micro | 8.86% |
| Internet Services | 8.21% |
| Commercial Services | 7.99% |
| Telecommunications – Equipment & Services | 5.66% |
| Textiles & Apparel | 5.20% |
| Retail Stores | 4.81% |
| Computer Information Systems | 4.27% |
| Electronic Components | 3.60% |
| Medical Products | 3.42% |

†Represents market value of investments plus cash.

The Portfolio invests in stocks of developing companies which involve greater risk and are generally more volatile than investments in mature companies.

SMALL COMPANY PORTFOLIO

stocks, because we did not believe this area offered the long-term earnings growth potential we sought. With the exception of a resurgence in energy stocks, we saw very few “themes” emerge during the third quarter. Our best investment returns were company-specific rather than sector-wide.

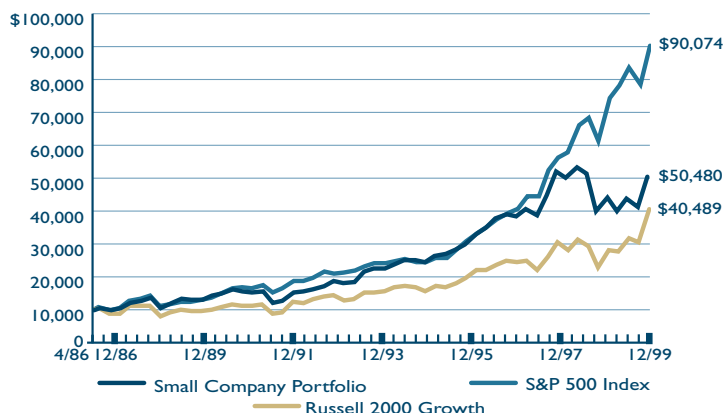
For the remainder of the year, we continued our aggressive pursuit of companies with strong earnings and the potential for outstanding growth. The Portfolio’s performance was positively impacted by companies in the technology outsourcing area that focus on helping corporate America implement and operate Internet businesses. Some of the smallest companies we owned posted earnings slightly below expectations, in some cases citing business slowdowns due to anticipated Y2K problems. The technology weighting in the Portfolio expanded solely as a function of the strong performance by companies in the technology universe in recent months.

Outlook

We are encouraged that the economy continues to exhibit steady growth, but remain watchful of consumer debt levels and interest rates, as well as overall

consumer confidence. In the New Year, we believe that many small companies will experience solid earnings growth. Based on our belief that many small companies currently have attractive fundamentals and offer very good relative value versus large-company stocks, we expect small-cap stocks to deliver good relative performance in the future. The Portfolio management team continues to focus on companies with strong earnings potential and outstanding growth prospects across a diverse group of industries.

Small Company Portfolio, S&P 500 and
Russell 2000 Growth Index⁽¹⁾
Comparison of Change in Value of \$10,000 Investment.



AVERAGE ANNUAL TOTAL RETURNS

| | SMALL COMPANY | S&P 500 INDEX | RUSSELL 2000 GROWTH INDEX ⁽¹⁾ |
|-----------|------------------|------------------|--|
| 1 YEAR | 14.20% | 21.04% | 43.09% |
| 5 YEAR | 13.47% | 28.51% | 18.99% |
| 10 YEAR | 12.41% | 18.17% | 13.51% |
| INCEPTION | 12.53% | 17.39% | 10.76% |

Commencement of operations April 18, 1986. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the Small Company Portfolio (the “Portfolio”) formerly the Domestic Growth Stock Portfolio, at its inception with a similar investment in the S&P 500 Index and the Russell 2000 Growth Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The S&P 500 Index and the Russell 2000 Growth Index are unmanaged indices and include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

⁽¹⁾ Effective May 1, 1999, the performance benchmark of the Portfolio has been changed from the S&P 500 Index to the Russell 2000 Growth Index. The Russell 2000 Growth Index better represents the investment style and objective of the Portfolio by including a broader blend of small capitalization stocks.

SMALL COMPANY PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Year Ended December 31, 1995 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 16.24 | \$ 20.43 | \$ 18.19 | \$ 17.87 | \$ 15.94 |
| Income From Investment Operations | | | | | |
| Net investment income (loss) | (0.02) | 0.22 | 0.09 | 0.06 | 0.15 |
| Net gains and losses on securities (both realized and unrealized) | <u>2.22</u> | <u>(2.59)</u> | <u>4.17</u> | <u>2.85</u> | <u>4.48</u> |
| Total from investment operations | 2.20 | (2.37) | 4.26 | 2.91 | 4.63 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | (0.02) | (0.19) | (0.09) | (0.06) | (0.15) |
| Dividends in excess of net investment income | | | | | |
| Distributions from capital gains | (0.37) | (1.63) | (1.93) | (2.53) | (2.55) |
| Distributions in excess of capital gains | | | | | |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | (0.39) | (1.82) | (2.02) | (2.59) | (2.70) |
| Net asset value, end of year | <u>\$ 18.05</u> | <u>\$ 16.24</u> | <u>\$ 20.43</u> | <u>\$ 18.19</u> | <u>\$ 17.87</u> |
| Total Return (A) | 14.20% | (11.78%) | 23.60% | 16.46% | 29.72% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 0.86% | 0.87% | 0.83% | 0.85% | 0.87% |
| Net investment income | (0.14%) | 1.23% | 0.47% | 0.31% | 0.95% |
| Portfolio Turnover Rate | 143.95% | 43.06% | 52.92% | 49.75% | 64.17% |
| Net Assets, At End of Year | \$92,991,539 | \$78,343,648 | \$81,505,107 | \$62,166,366 | \$48,517,886 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

SMALL COMPANY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—94.61%

| Company | Shares | Market Value |
|--------------------------------------|--------|------------------|
| Aerospace & Defense—2.04% | | |
| Armor Holdings, Inc.† | 61,500 | \$ 807,188 |
| Orbital Sciences Corp.† | 58,900 | 1,093,331 |
| | | <u>1,900,519</u> |
| Airlines—0.34% | | |
| Frontier Airlines, Inc.† | 27,900 | 317,363 |
| | | <u>317,363</u> |
| Banking—0.24% | | |
| Net.B@nk, Inc.† | 11,900 | 220,150 |
| | | <u>220,150</u> |
| Broadcasting—0.29% | | |
| Salem Communications Corp.† | 11,900 | 269,238 |
| | | <u>269,238</u> |
| Building Construction—0.51% | | |
| Crossmann Communities, Inc.† | 30,600 | 474,300 |
| | | <u>474,300</u> |
| Chemicals—0.87% | | |
| OM Group, Inc. | 23,600 | 812,725 |
| | | <u>812,725</u> |
| Commercial Services—7.74% | | |
| Axiom Corp.† | 36,100 | 866,400 |
| Caribiner International, Inc.† | 58,500 | 212,063 |
| Cornell Corrections, Inc.† | 34,000 | 284,750 |
| Express Scripts, Inc.† | 8,600 | 550,400 |
| Healthcare Services Group, Inc.† | 44,500 | 311,500 |
| Hooper Holmes, Inc. | 38,300 | 986,225 |
| Iron Mountain, Inc.† | 30,500 | 1,199,031 |
| Kroll-O'Gara Co., The† | 11,300 | 186,450 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|-------------------|
| Commercial Services—Continued | | |
| McGrath RentCorp | 22,300 | \$ 390,250 |
| MemberWorks, Inc.† | 7,500 | 248,906 |
| TeleTech Holdings, Inc.† | 55,400 | 1,867,152 |
| US Oncology, Inc.† | 18,800 | 92,825 |
| | | <u>7,195,952</u> |
| Computer Equipment & Services—10.84% | | |
| Advanced Digital Information Corp.† | 30,100 | 1,463,612 |
| CheckFree Holdings Corp.† | 4,100 | 428,450 |
| Ciber, Inc.† | 30,800 | 847,000 |
| Computer Horizons Corp.† | 47,400 | 767,287 |
| In Focus Systems, Inc.† | 25,400 | 588,963 |
| Insight Enterprises, Inc.† | 16,000 | 650,000 |
| MicroTouch Systems, Inc.† | 27,500 | 347,187 |
| NVIDIA Corp.† | 13,300 | 624,269 |
| RadiSys Corp.† | 37,750 | 1,925,250 |
| SCB Computer Technology, Inc.† | 43,400 | 135,625 |
| Sykes Enterprises, Inc.† | 9,500 | 416,813 |
| Xircom, Inc.† | 25,100 | 1,882,500 |
| | | <u>10,076,956</u> |
| Computer Information & Technology—0.45% | | |
| Complete Business Solutions, Inc.† | 5,000 | 125,625 |
| Technology Solutions Co.† | 9,000 | 294,750 |
| | | <u>420,375</u> |
| Computer Information Systems—4.14% | | |
| Dendrite International, Inc.† | 14,450 | 489,494 |
| Mastech Corp.† | 28,300 | 700,425 |
| MICROS Systems, Inc.† | 31,100 | 2,301,400 |
| National Computer Systems, Inc. | 9,500 | 357,437 |
| | | <u>3,848,756</u> |

See notes to financial statements.

SMALL COMPANY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Computer Network—0.22% | | |
| FVC.COM, Inc.† | 17,700 | \$ 206,869 |
| | | <u>206,869</u> |
| Computer Software – Mainframe—0.29% | | |
| Aspect Development, Inc.† | 4,000 | 274,000 |
| | | <u>274,000</u> |
| Computer Software – Mini & Micro—8.58% | | |
| Activision, Inc.† | 35,900 | 549,719 |
| Best Software, Inc.† | 27,100 | 799,450 |
| Caere Corp.† | 40,100 | 293,231 |
| Cambridge Technology Partners, Inc.† | 67,000 | 1,758,750 |
| Daleen Technologies, Inc.† | 8,500 | 185,937 |
| eCollege.com† | 23,500 | 257,031 |
| Exchange Application, Inc.† | 8,500 | 474,937 |
| IMRglobal Corp.† | 54,200 | 680,887 |
| InfoCure Corp.† | 8,000 | 249,500 |
| Landmark Systems Corp.† | 50,200 | 523,963 |
| National Instruments Corp.† | 16,050 | 613,913 |
| Optio Software, Inc.† | 14,000 | 329,000 |
| Phoenix Technologies, Ltd.† | 10,500 | 166,031 |
| Primus Knowledge Solutions, Inc.† | 14,200 | 643,438 |
| THQ, Inc.† | 7,500 | 173,906 |
| Transaction Systems Architects, Inc.† | 10,000 | 280,000 |
| | | <u>7,979,693</u> |
| Consulting Services—1.29% | | |
| Diamond Technology Partners, Inc.† | 13,400 | 1,151,562 |
| First Consulting Group, Inc.† | 2,600 | 40,300 |
| Renaissance Worldwide, Inc.† | 1,200 | 8,850 |
| | | <u>1,200,712</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|------------------|
| Cosmetics & Personal Care—0.41% | | |
| Steiner Leisure, Ltd.† | 10,600 | \$ 176,888 |
| Twinlab Corp.† | 26,200 | 207,962 |
| | | <u>384,850</u> |
| Electrical Equipment—0.71% | | |
| SLI, Inc.† | 49,000 | 664,563 |
| | | <u>664,563</u> |
| Electronic Components—3.48% | | |
| Sawtek, Inc.† | 31,700 | 2,110,031 |
| Technitrol, Inc. | 25,400 | 1,130,300 |
| | | <u>3,240,331</u> |
| Electronics—2.31% | | |
| Ampex Corp.† | 67,900 | 369,206 |
| Analogic Corp. | 18,000 | 594,000 |
| Artesyn Technologies† | 32,300 | 678,300 |
| EMS Technologies, Inc.† | 13,800 | 162,150 |
| LeCroy Corp.† | 27,800 | 340,550 |
| | | <u>2,144,206</u> |
| Electronics – Semiconductors—1.03% | | |
| American Xtal Technology, Inc.† | 23,700 | 413,269 |
| Rudolph Technologies, Inc.† | 16,100 | 539,350 |
| | | <u>952,619</u> |
| Entertainment & Leisure—0.68% | | |
| Bally Total Fitness Holding Corp.† | 8,100 | 216,169 |
| Cinar Corp.† | 17,000 | 416,500 |
| | | <u>632,669</u> |
| Environmental Controls—0.23% | | |
| U S Liquids, Inc.† | 25,800 | 216,075 |
| | | <u>216,075</u> |

See notes to financial statements.

SMALL COMPANY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--------------------------------------|--------|------------------|
| Financial Services—0.23% | | |
| Federal Agricultural Mortgage Corp.† | 10,800 | \$ 218,025 |
| | | <u>218,025</u> |
| Food Products—0.89% | | |
| Horizon Organic Holding Corp.† | 22,700 | 170,250 |
| Northland Cranberries, Inc. | 30,000 | 180,000 |
| Smithfield Foods, Inc.† | 19,800 | 475,200 |
| | | <u>825,450</u> |
| Healthcare—1.08% | | |
| Apria Healthcare Group, Inc.† | 38,600 | 692,387 |
| Matria Healthcare, Inc.† | 75,100 | 309,788 |
| | | <u>1,002,175</u> |
| Human Resources—0.92% | | |
| Butler International, Inc.† | 24,650 | 271,150 |
| Labor Ready, Inc.† | 27,000 | 327,375 |
| Modis Professional Services, Inc.† | 18,000 | 256,500 |
| | | <u>855,025</u> |
| Internet Services—7.96% | | |
| Alloy Online, Inc.† | 12,000 | 189,000 |
| Jupiter Communications, Inc.† | 7,500 | 226,875 |
| Lionbridge Technologies, Inc.† | 11,500 | 209,875 |
| NBC Internet, Inc.† | 29,100 | 2,247,975 |
| S1 Corp.† | 30,100 | 2,351,563 |
| Student Advantage, Inc.† | 49,800 | 1,104,937 |
| USWeb Corp.† | 24,100 | 1,070,944 |
| | | <u>7,401,169</u> |
| Machinery—0.39% | | |
| Flow International Corp.† | 31,700 | 360,588 |
| | | <u>360,588</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|---------|------------------|
| Manufacturing—2.53% | | |
| Cable Design Technologies Corp.† | 21,400 | \$ 492,200 |
| Identix, Inc.† | 42,200 | 382,438 |
| JLG Industries, Inc. | 16,300 | 259,781 |
| Matthews International Corp. | 24,100 | 662,750 |
| Meade Instruments Corp.† | 100 | 2,850 |
| Westinghouse Air Brake Co. | 31,350 | 556,462 |
| | | <u>2,356,481</u> |
| Medical Products—3.32% | | |
| Arrow International, Inc. | 14,200 | 411,800 |
| ATS Medical, Inc.† | 50,300 | 751,356 |
| Coherent, Inc.† | 24,100 | 644,675 |
| Hanger Orthopedic Group, Inc.† | 47,200 | 472,000 |
| Orthofix International, N.V.† | 15,300 | 218,981 |
| SonoSite, Inc.† | 8,000 | 253,000 |
| Theragenics Corp.† | 36,700 | 332,594 |
| | | <u>3,084,406</u> |
| Mining & Metals – Precious—1.40% | | |
| Stillwater Mining Co.† | 40,900 | 1,303,688 |
| | | <u>1,303,688</u> |
| Oil & Gas – Distribution & Marketing—0.22% | | |
| TransMontaigne, Inc.† | 29,400 | 205,800 |
| | | <u>205,800</u> |
| Oil & Gas Producers—2.92% | | |
| Evergreen Resources, Inc.† | 35,000 | 691,250 |
| Harken Energy Corp.† | 115,300 | 86,475 |
| Louis Dreyfus Natural Gas Corp.† | 29,600 | 536,500 |
| Stone Energy Corp.† | 16,400 | 584,250 |
| Vintage Petroleum, Inc.† | 67,400 | 813,012 |
| | | <u>2,711,487</u> |

See notes to financial statements.

SMALL COMPANY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Oil & Gas Services & Equipment—1.54% | | |
| Core Laboratories, N.V.† | 58,100 | \$ 1,165,631 |
| Seitel, Inc.† | 39,600 | 267,300 |
| | | <u>1,432,931</u> |
| Pharmaceutical—1.37% | | |
| Albany Molecular Research, Inc.† | 11,700 | 356,850 |
| ICOS Corp.† | 13,500 | 394,875 |
| PathoGenesis Corp.† | 24,200 | 518,787 |
| | | <u>1,270,512</u> |
| Professional Sports—0.61% | | |
| Championship Auto Racing Teams, Inc.† | 24,600 | 565,800 |
| | | <u>565,800</u> |
| Real Estate—0.51% | | |
| Catellus Development Corp.† | 16,000 | 205,000 |
| Healthcare Realty Trust, Inc. | 17,100 | 267,187 |
| | | <u>472,187</u> |
| Retail – Internet—0.13% | | |
| iGo Corp.† | 13,200 | 119,625 |
| | | <u>119,625</u> |
| Retail Stores—4.66% | | |
| Ames Department Stores, Inc.† | 21,800 | 628,112 |
| Cost Plus, Inc.† | 15,960 | 568,575 |
| Pacific Sunwear of California, Inc.† | 27,550 | 878,156 |
| Shoe Carnival, Inc.† | 35,600 | 358,225 |
| Stage Stores, Inc.† | 69,500 | 160,719 |
| Tuesday Morning Corp.† | 11,700 | 215,719 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|------------------|
| Retail Stores—Continued | | |
| Whole Foods Market, Inc.† | 20,600 | \$ 955,325 |
| Wild Oats Markets, Inc.† | 15,150 | 336,141 |
| Zany Brainy, Inc.† | 22,800 | 233,700 |
| | | <u>4,334,672</u> |
| Telecommunications – Equipment & Services—5.49% | | |
| CellStar Corp.† | 91,200 | 900,600 |
| Netro Corp.† | 8,000 | 408,000 |
| PairGain Technologies, Inc.† | 49,600 | 703,700 |
| Plantronics, Inc.† | 31,100 | 2,225,594 |
| SBA Communications Corp.† | 46,100 | 864,375 |
| | | <u>5,102,269</u> |
| Telecommunications – Integrated—1.17% | | |
| GST Telecommunications, Inc.† | 28,500 | 258,281 |
| MGC Communications, Inc.† | 16,300 | 827,225 |
| | | <u>1,085,506</u> |
| Telecommunications – Wireless—2.24% | | |
| Boston Communications Group† | 38,100 | 200,025 |
| Cleartnet Communications, Inc.† | 36,800 | 1,265,000 |
| TALK.com, Inc.† | 34,800 | 617,700 |
| | | <u>2,082,725</u> |
| Textiles & Apparel—5.04% | | |
| Cutter & Buck, Inc.† | 5,500 | 83,187 |
| G & K Services, Inc. | 15,600 | 505,050 |
| Kenneth Cole Productions, Inc.† | 20,500 | 937,875 |
| Quicksilver, Inc.† | 45,000 | 697,500 |
| Skechers U.S.A., Inc.† | 47,200 | 179,950 |
| Tarrant Apparel Group† | 26,600 | 256,025 |
| Timberland Co., The† | 23,300 | 1,231,987 |
| Tropical Sportswear International Corp.† | 22,500 | 362,813 |
| Vans, Inc.† | 35,300 | 432,425 |
| | | <u>4,686,812</u> |

See notes to financial statements.

SMALL COMPANY PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

| COMMON STOCK—CONTINUED | | |
|---|----------------|---------------------|
| Company | Shares | Market Value |
| Travel Services—2.27% | | |
| American Classic Voyages Co.† | 26,000 | \$ 910,000 |
| Pegasus Systems, Inc.† | 19,900 | 1,200,219 |
| | | <u>2,110,219</u> |
| Utilities – Electric & Gas—1.03% | | |
| Independent Energy Holdings, PLC, ADR† | 28,700 | 956,069 |
| | | <u>956,069</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$75,891,216) | | <u>87,976,542</u> |
| TOTAL INVESTMENTS | | |
| (Cost \$75,891,216) | | 94.61% 87,976,542 |
| Other assets, less liabilities | <u>5.39</u> | <u>5,014,997</u> |
| TOTAL NET ASSETS | <u>100.00%</u> | <u>\$92,991,539</u> |

†Non-income producing security.

See notes to financial statements.

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GROWTH PORTFOLIO

“As growth investors, our investment team is constantly on the look out for investments exhibiting sustainable fundamental improvement, regardless of industry, in order to consistently outperform the broader market averages.”

—Ronald C. Ognar, Portfolio Manager—

INCEPTION DATE

January 1, 1998

FUND MANAGER

Strong Capital Management, Inc.

INVESTMENT OBJECTIVE AND STRATEGY

To seek capital growth by investing primarily in equity securities.

NET ASSETS AS OF 12/31/99

\$44,334,220

NUMBER OF HOLDINGS

110

PORTFOLIO TURNOVER

326.19%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

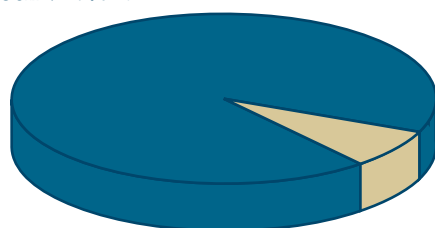
Schedule of
Portfolio Investments

RONALD C. OGNAR, CFA

- Joined Strong in 1993
- 31 years of investment experience
- B.S. from University of Illinois
- Chartered Financial Analyst

GROWTH PORTFOLIO

Common Stock-92.48%



Cash-7.52%

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO‡ |
|------------------------|-----------------------|
| JDS Uniphase Corp. | 4.96% |
| Cisco Systems, Inc. | 4.73% |
| VeriSign, Inc. | 3.36% |
| VERITAS Software Corp. | 2.83% |
| Juniper Networks, Inc. | 2.24% |
| MedImmune, Inc. | 2.19% |
| Home Depot, Inc., The | 2.03% |
| QUALCOMM, Inc. | 1.86% |
| BroadVision, Inc. | 1.79% |
| E-Tek Dynamics, Inc. | 1.78% |

| TOP TEN INDUSTRIES | PERCENT OF PORTFOLIO‡ |
|--|-----------------------|
| Telecommunications – Equipment & Services | 13.32% |
| Computer Software – Mini & Micro | 12.67% |
| Internet Services | 9.73% |
| Computer Network | 8.50% |
| Computer Software – Mainframe | 5.42% |
| Retail Stores | 5.32% |
| Broadcasting | 5.22% |
| Medical – Biotechnology | 4.84% |
| Electronics – Semiconductors | 3.66% |
| Pharmaceutical | 3.62% |

‡Represents market value of investments plus cash.

Domestic economic fundamentals continued to drive the market in the second half of 1999. As the economy (and stock market) continued its torrid pace, the Federal Reserve became very vocal expressing their desire to keep inflation in check. Every release of economic data was scrutinized for signs of inflation and economic overheating. As a result, the market had a very bearish tone throughout the year as any negative economic news generally prompted greater market reaction than did positive news. The Fed subsequently took back the three easements of 1998, with three 25bp tightenings in 1999.

Much of the market's concern was centered around the economy growing at a rate faster than the so-called sustainable rate. Through the end of the third quarter, the economy had grown at an annualized rate of 3.8 percent. Forecasts for the fourth quarter are in the 4.75 to 5.75 percent range. This robust growth and the economy's ability to create jobs

pushed down the unemployment rate to a 29 year low of 4.1 percent and are depleting the pool of available workers to the consternation of the Fed. The Fed's fear is that this shortage of workers will ultimately lead to higher wages and an increase in inflation. Thanks largely to improvements in productivity, excess global capacity and fierce competition, this has not yet happened. In fact, observed inflation remains largely in check. Although CPI, through the end of November, was up an annualized 2.7 percent, versus a 1.6- percent rate in 1998, this was largely the result of a surge in energy prices. A more dependable measure of underlying inflationary pressures is the core rate of inflation, which excludes the energy and food components. The core rate was up 2.0 percent through November, compared to a 2.3 percent rise in the comparable period in 1998.

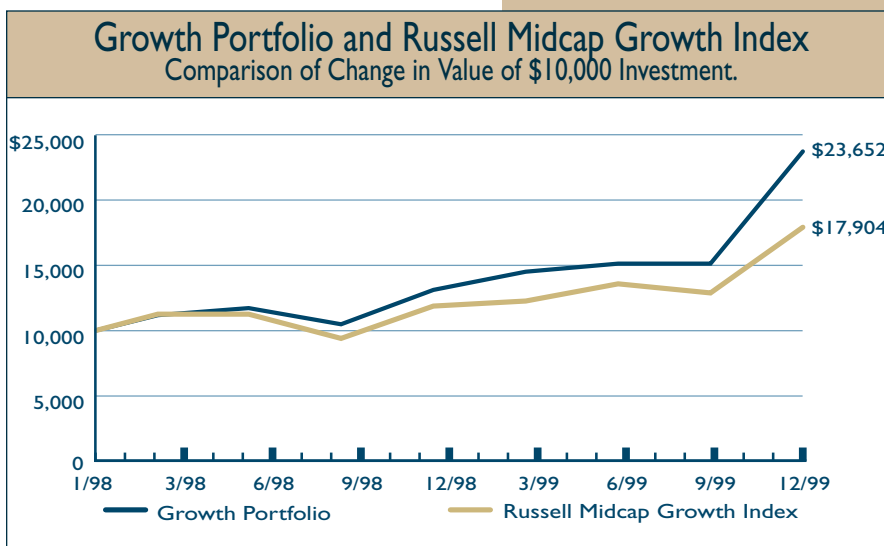
The JPVF Growth Portfolio finished 1999 with a strong 80.36% year-to-date return, compared to the S&P 500 Index return of 21.04%. After a lackluster return of -0.31% in the third quarter, the Portfolio, driven by technology, returned 57.11% in the fourth quarter. Our telecommunications, computer software, Internet-related issues, semiconductors, and biogenetics selections added strong relative performance to the Portfolio. Our underweight in financials also added

GROWTH PORTFOLIO

to relative performance, as rising interest rates hindered the sectors performance. We are maintaining our overweights in technology, as well as out underweights in financials, utilities, consumer cyclicals and capital equipment. The remaining sector's are near market weightings.

The prospects for leading semiconductor companies continue to improve, driven by the rapid build-out of the Internet, the need for enhanced transmission capacity (bandwidth), and signs of accelerating Asian demand. Following a sharp correction in the second quarter, we have increased our exposure to Internet-related issues, with particular emphasis on Internet infrastructure beneficiaries. As the "Net" grows in depth and scope, E-commerce software enablers and companies involved in the expansion of its infrastructure are likely to prosper.

The growth of the Internet and its acceptance as an important source of competitive advantage should continue to enhance the prospects of companies engaged in business to business commerce, wireless connectivity, Internet content, bandwidth expansion, the building of new brands and a host of other applications. The successful implementation of technology remains an essential source of global competitiveness with superior returns on capital and market share gains the principal result.



During the next six months, we expect the U.S. economy to continue to grow at a more moderate pace. We expect the Fed to remain vigilant, poised to nudge interest rates preemptively higher to offset signs of inflationary pressure. In our view, companies able to generate unit growth will continue to be the big winners (without an increase in pricing, unit growth supports the higher revenue run rates needed to offset cost pressures) in this environment. Our preference is for pure plays in dynamic niche markets, new product cycles or innovative new services. As growth investors, our investment team is constantly on the look out for investments exhibiting sustainable fundamental improvement, regardless of industry, in order to consistently outperform the broader market averages.

AVERAGE ANNUAL TOTAL RETURNS

| | GROWTH | RUSSELL MIDCAP GROWTH INDEX |
|-----------|--------|--------------------------------------|
| 1 YEAR | 80.36% | 51.29% |
| INCEPTION | 53.88% | 33.91% |

Commencement of operations January 1, 1998. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the Growth Portfolio (the "Portfolio") at its inception with a similar investment in the Russell Midcap Growth Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The Russell Midcap Growth Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

GROWTH PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 |
|--|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 13.11 | \$ 10.00 |
| Income From Investment Operations | | |
| Net investment loss | (0.06) | (0.05) |
| Net gains and losses on securities (both realized and unrealized) | <u>10.50</u> | <u>3.16</u> |
| Total from investment operations | 10.44 | 3.11 |
| Less Distributions to Shareholders | | |
| Dividends from net investment income | | |
| Dividends in excess of net investment income | | |
| Distributions from capital gains | (0.17) | |
| Distributions in excess of capital gains | | |
| Returns of capital | <u> </u> | <u> </u> |
| Total distributions | (0.17) | 0.00 |
| Net asset value, end of year | <u>\$ 23.38</u> | <u>\$ 13.11</u> |
| Total Return (A) | 80.36% | 31.14% |
| Ratios to Average Net Assets: | | |
| Expenses | 0.96% | 1.08% |
| Net investment income | (0.54%) | (0.47%) |
| Portfolio Turnover Rate | 326.19% | 283.36% |
| Net Assets, At End of Year | \$44,334,220 | \$11,543,742 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—94.91%

| Company | Shares | Market Value |
|--|--------|------------------|
| Advertising—1.87% | | |
| Getty Images, Inc.† | 3,600 | \$ 175,950 |
| Omnicom Group, Inc. | 4,000 | 400,000 |
| Young & Rubicam, Inc. | 3,600 | 254,700 |
| | | <u>830,650</u> |
| Banking—1.00% | | |
| Citigroup, Inc. | 2,300 | 127,793 |
| Northern Trust Corp. | 3,000 | 159,000 |
| UnionBanCal Corp. | 4,000 | 157,750 |
| | | <u>444,543</u> |
| Broadcasting—5.35% | | |
| Clear Channel Communications, Inc.† | 2,100 | 187,425 |
| Comcast Corp. | 4,000 | 202,250 |
| Emmis Broadcasting Corp.† | 6,000 | 747,843 |
| Entercom Communications Corp.† | 3,700 | 244,200 |
| Infinity Broadcasting Corp.† | 8,750 | 316,641 |
| Radio One, Inc.† | 1,800 | 165,600 |
| Univision Communications, Inc.† | 5,000 | 510,938 |
| | | <u>2,374,897</u> |
| Commercial Services—0.45% | | |
| Paychex, Inc. | 5,000 | 200,000 |
| | | <u>200,000</u> |
| Computer Equipment & Services—1.10% | | |
| Comverse Technology, Inc.† | 1,500 | 217,125 |
| Parametric Tech. Corp.† | 2,500 | 67,656 |
| RadiSys Corp.† | 4,000 | 204,000 |
| | | <u>488,781</u> |
| Computer Information Systems—1.32% | | |
| i2 Technologies, Inc.† | 3,000 | 585,000 |
| | | <u>585,000</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|------------------|
| Computer Network—8.72% | | |
| Cisco Systems, Inc.† | 20,100 | \$ 2,153,213 |
| Juniper Networks, Inc.† | 3,000 | 1,020,000 |
| Legato Systems, Inc.† | 3,700 | 254,606 |
| Redback Networks, Inc.† | 1,800 | 319,500 |
| Visual Networks, Inc.† | 1,500 | 118,875 |
| | | <u>3,866,194</u> |
| Computer Software – Mainframe—5.57% | | |
| BroadVision, Inc.† | 4,800 | 816,300 |
| Business Objects, SA, ADR† | 4,700 | 628,037 |
| Oracle Corp.† | 4,000 | 448,250 |
| Peregrine Systems, Inc.† | 4,100 | 345,169 |
| TIBCO Software, Inc.† | 1,500 | 229,500 |
| | | <u>2,467,256</u> |
| Computer Software – Mini & Micro—13.01% | | |
| Agile Software Corp.† | 1,600 | 347,575 |
| Ariba, Inc.† | 3,400 | 603,075 |
| Check Point Software Technologies, Inc.† | 1,000 | 198,750 |
| Citrix Systems, Inc.† | 4,000 | 492,000 |
| Liberate Technologies, Inc.† | 900 | 231,300 |
| Mercury Interactive Corp.† | 2,000 | 215,875 |
| Microsoft Corp.† | 2,200 | 256,850 |
| Midway Games, Inc.† | 8,000 | 191,500 |
| Portal Software, Inc.† | 2,500 | 257,188 |
| Siebel Systems, Inc.† | 4,000 | 336,000 |
| Sun Microsystems, Inc.† | 10,000 | 774,375 |
| VERITAS Software Corp.† | 9,000 | 1,288,125 |
| Viant Corp.† | 200 | 19,800 |
| Vignette Corp.† | 3,400 | 554,200 |
| | | <u>5,766,613</u> |
| Consulting Services—0.64% | | |
| Sapient Corp.† | 2,000 | 281,875 |
| | | <u>281,875</u> |

See notes to financial statements.

GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Electrical Equipment—0.35% | | |
| C-COR.net Corp.† | 2,000 | \$ 153,250 |
| | | <u>153,250</u> |
| Electronic Components—1.37% | | |
| Flextronics International, Ltd.† | 1,800 | 82,800 |
| Jabil Circuit, Inc.† | 1,700 | 124,100 |
| Sawtek, Inc.† | 4,100 | 272,906 |
| Xilinx, Inc.† | 2,800 | 127,312 |
| | | <u>607,118</u> |
| Electronics—1.68% | | |
| Agilent Technologies, Inc.† | 6,000 | 463,875 |
| Credence Systems Corp.† | 1,000 | 86,500 |
| Orbotech, Ltd.† | 2,500 | 193,750 |
| | | <u>744,125</u> |
| Electronics – Semiconductors—3.76% | | |
| ASM Lithography Holding, N.V.† | 600 | 68,250 |
| Applied Micro Circuits Corp.† | 4,900 | 623,525 |
| PMC-Sierra, Inc.† | 3,000 | 480,937 |
| SDL, Inc.† | 1,500 | 327,000 |
| TriQuint Semiconductor, Inc.† | 1,500 | 166,875 |
| | | <u>1,666,587</u> |
| Forest Products & Paper—0.29% | | |
| Weyerhaeuser Co. | 1,800 | 129,263 |
| | | <u>129,263</u> |
| Internet Services—9.99% | | |
| Akamai Technologies, Inc.† | 1,000 | 327,625 |
| America Online, Inc.† | 3,000 | 226,312 |
| BEA Systems, Inc.† | 7,000 | 489,563 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--------------------------------------|--------|------------------|
| Internet Services—Continued | | |
| CMGI, Inc.† | 1,200 | \$ 332,250 |
| Exodus Communications, Inc.† | 5,000 | 444,063 |
| InfoSpace.com, Inc.† | 1,500 | 321,000 |
| Proxicom, Inc.† | 1,200 | 149,175 |
| Scient Corp.† | 1,200 | 103,725 |
| VeriSign, Inc.† | 8,000 | 1,527,500 |
| VerticalNet, Inc.† | 1,500 | 246,000 |
| Yahoo!, Inc.† | 600 | 259,612 |
| | | <u>4,426,825</u> |
| Investment Companies—0.52% | | |
| WEBS - Japan | 14,000 | 228,375 |
| | | <u>228,375</u> |
| Marketing Services—0.86% | | |
| DoubleClick, Inc.† | 1,500 | 379,594 |
| | | <u>379,594</u> |
| Medical – Biotechnology—4.97% | | |
| Chiron Corp.† | 8,000 | 339,000 |
| Enzon, Inc.† | 4,700 | 203,862 |
| Genentech, Inc.† | 4,200 | 564,900 |
| Human Genome Sciences, Inc.† | 3,500 | 534,188 |
| Immunex Corp.† | 1,300 | 142,350 |
| Millennium Pharmaceuticals, Inc.† | 2,500 | 305,000 |
| QIAGEN, N.V.† | 1,500 | 113,250 |
| | | <u>2,202,550</u> |
| Medical Supplies—1.22% | | |
| PE Corp-PE Biosystems Group | 4,500 | 541,406 |
| | | <u>541,406</u> |

See notes to financial statements.

GROWTH PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Oil & Gas Producers—0.86% | | |
| Kerr-McGee Corp. | 4,000 | \$ 248,000 |
| Murphy Oil Corp. | 2,300 | 131,963 |
| | | <u>379,963</u> |
| Oil & Gas Services & Equipment—3.06% | | |
| BJ Services Co.† | 12,500 | 522,656 |
| Cooper Cameron Corp.† | 4,000 | 195,750 |
| ENSCO International, Inc. | 10,000 | 228,750 |
| Key Energy Services, Inc.† | 26,000 | 134,875 |
| Pride International, Inc.† | 10,200 | 149,175 |
| R & B Falcon Corp.† | 9,500 | 125,875 |
| | | <u>1,357,081</u> |
| Pharmaceutical—3.72% | | |
| MedImmune, Inc.† | 6,000 | 995,250 |
| Sepracor, Inc.† | 3,700 | 366,994 |
| Titan Pharmaceuticals, Inc.† | 15,000 | 285,000 |
| | | <u>1,647,244</u> |
| Retail Stores—5.46% | | |
| Dollar Tree Stores, Inc.† | 5,000 | 242,187 |
| Home Depot, Inc., The | 13,500 | 925,594 |
| Kohl's Corp.† | 11,000 | 794,063 |
| Lowe's Companies, Inc. | 4,500 | 268,875 |
| Pacific Sunwear of California, Inc.† | 6,000 | 191,250 |
| | | <u>2,421,969</u> |
| Telecommunications – Equipment & Services—13.66% | | |
| Broadcom Corp.† | 1,100 | 299,612 |
| E-Tek Dynamics, Inc.† | 6,000 | 807,750 |
| General Instrument Corp.† | 2,500 | 212,500 |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|----------------|---------------------|
| Telecommunications – Equipment & Services—Continued | | |
| JDS Uniphase Corp.† | 14,000 | \$ 2,258,375 |
| Lucent Technologies, Inc. | 3,000 | 224,438 |
| Nokia Oyj, SA, ADR | 2,900 | 551,000 |
| Nortel Networks Corp. | 3,000 | 303,000 |
| Polycom, Inc.† | 1,500 | 95,531 |
| QUALCOMM, Inc.† | 4,800 | 845,400 |
| Sycamore Networks, Inc.† | 1,500 | 462,000 |
| | | <u>6,059,606</u> |
| Telecommunications – Integrated—2.09% | | |
| Broadwing, Inc. | 5,000 | 184,375 |
| NEXTLINK Communications, Inc.† | 3,400 | 282,413 |
| Primus Telecommunications Group, Inc.† | 5,500 | 210,375 |
| Telephone and Data Systems, Inc. | 2,000 | 252,000 |
| | | <u>929,163</u> |
| Telecommunications – Wireless—2.02% | | |
| Sprint Corp. - PCS Group† | 2,500 | 256,250 |
| VoiceStream Wireless Corp.† | 4,500 | 640,406 |
| | | <u>896,656</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$27,558,791) | | 42,076,584 |
| TOTAL INVESTMENTS | | |
| (Cost \$27,558,791) | 94.91% | 42,076,584 |
| Other assets, less liabilities | <u>5.09</u> | <u>2,257,636</u> |
| TOTAL NET ASSETS | | |
| | <u>100.00%</u> | <u>\$44,334,220</u> |

See notes to financial statements.

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GROWTH AND INCOME PORTFOLIO

“Value stocks are very compellingly priced compared to growth stocks, with valuation discrepancies between the two groups as wide as they have been in nearly three decades.”

—Brian S. Posner, Portfolio Manager—

INCEPTION DATE

May 1, 1992

FUND MANAGER

Credit Suisse Asset Management, LLC

INVESTMENT OBJECTIVE AND STRATEGY

To seek long-term growth of capital by investing primarily in a wide range of equity issues that may offer capital appreciation and current income.

NET ASSETS AS OF 12/31/99

\$76,424,174

NUMBER OF HOLDINGS

81

PORTFOLIO TURNOVER

99.60%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

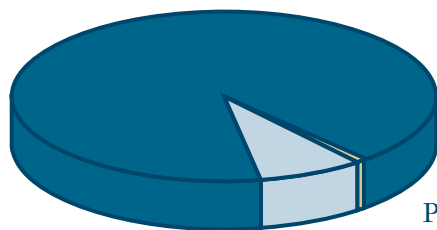
Schedule of
Portfolio Investments

BRIAN S. POSNER Managing Director

- Joined Credit Suisse in 1997
- 14 years industry experience
- Previously with Fidelity Investments since 1987
- Managed Fidelity Equity Income II from 4/92 to 12/96
- M.B.A. from University of Chicago
- B.A. from Northwestern University

GROWTH AND INCOME PORTFOLIO

Common Stock-91.39%



Preferred Stock-0.45%

Cash-8.16%

for value stocks. Our focus remained on relatively inexpensive stocks of companies that we believe have improving prospects, due, e.g., to a restructuring, a new product or service or a more-supportive macroeconomic backdrop. In our view, such an approach stands to generate attractive returns over time, while potentially limiting overall portfolio volatility.

With respect to sector and industry positioning, we made few noteworthy changes to the Portfolio, remaining well-diversified. We continued to have a modest overweighting in the energy sector, a bright spot for the Portfolio during this time, in terms of performance. Our focus here remained on multinational integrated oil companies that we believe have good potential for profit-margin improvements. Representative holdings included BP Amoco, the Portfolio's largest position at the end of the year, and Exxon Mobil. Both companies, in our view, will continue to enjoy "economy of scale" efficiencies arising from their recent merger activity.

We also maintained a modest overweighting for the last six months of the year in both the financial-services and banks and savings & loans sectors. Our financial-services holdings contributed positively to the Portfolio's performance, though our bank stocks were hampered by fears of rising interest rates and general balance sheet concerns. We continue to have a favorable outlook on the financial area, and the Portfolio's financial holdings in particular, given the relatively low valuations on these stocks

The JPVF Growth & Income Portfolio posted a gain of 5.75% for 1999 vs. a gain of 7.78% for the Lipper Multi-Cap Value Index. (The Portfolio's return since Credit Suisse, formerly Warburg Pincus, assumed management on 8/31/97 was 17.81%)

While value stocks had a lackluster fourth quarter, reflecting investors' strong appetite for growth stocks during the period, the asset class struggled during the third quarter as well, hindered by a clouded near-term picture for interest rates and other concerns, such as the dollar's volatility vs. the yen. (Throughout the fourth quarter of 1999, the Portfolio's performance was hampered by the market's overwhelming preference for growth-oriented companies and by weakness in certain areas, such as banking. During the third quarter, the Portfolio's performance reflected the overall market's difficulties - the Portfolio posted a loss of 8.01% for the three months ended 9/30/99 vs. a loss of 6.25% for the S&P 500 Index.)

We made no material changes to the Portfolio during the last six months of 1999 in terms of basic strategy, notwithstanding the difficult backdrop

| TOP TEN EQUITIES | PERCENT OF PORTFOLIO† |
|--------------------------------|-----------------------|
| BP Amoco, ADR | 3.34% |
| Unisys Corp. | 2.81% |
| Exxon Mobil Corp. | 2.73% |
| SBC Communications, Inc. | 2.64% |
| Comerica, Inc. | 2.47% |
| Bell Atlantic Corp. | 2.42% |
| Lehman Brothers Holdings, Inc. | 2.30% |
| Ford Motor Co. | 2.14% |
| Ingersoll-Rand Co. | 2.02% |
| Alcoa, Inc. | 1.98% |

| TOP TEN INDUSTRIES | PERCENT OF PORTFOLIO† |
|---------------------------------|-----------------------|
| Oil & Gas - Integrated | 10.54% |
| Retail Stores | 8.83% |
| Banking | 8.47% |
| Financial Services | 8.36% |
| Telecommunications - Integrated | 6.52% |
| Manufacturing | 5.38% |
| Food Products | 3.69% |
| Insurance | 3.66% |
| Computer Information Systems | 3.42% |
| Automotive Manufacturing | 3.38% |

†Represents market value of investments plus cash.

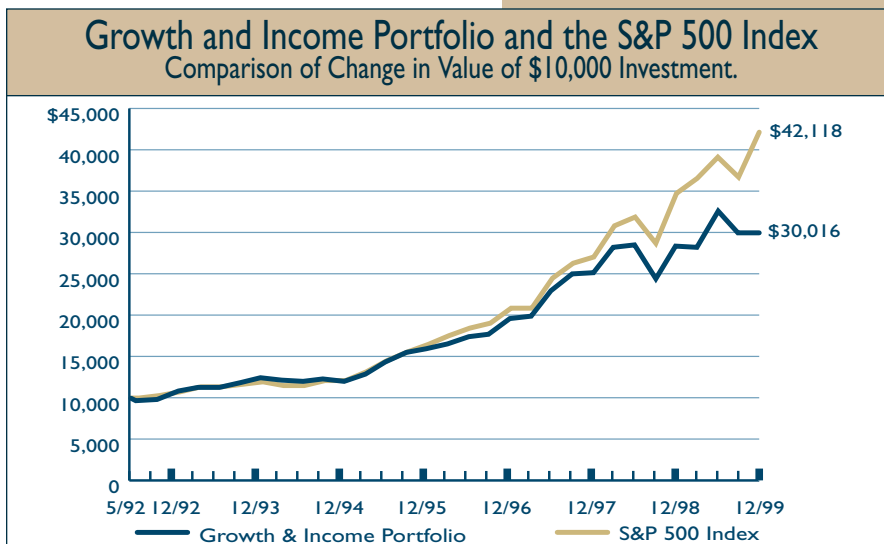
GROWTH AND INCOME PORTFOLIO

compared to the broader market and these companies' potential to benefit from economic growth in the U.S. and abroad.

We continued to have significant exposure to consumer stocks, including a modest overweighting in the retail sector. We maintained a mix of broadline retailers (e.g., Federated Department Stores), and more niche-type companies (e.g., Toys R Us). In general, our favorable outlook here is based on the group's reasonable valuations and the industry's continued improvements in inventory management.

Elsewhere of note, we maintained an overweighting in the capital-equipment sector and held a smaller but still-meaningful position in the industrial manufacturing & processing sector. Our focus in these areas remained on companies offering significant "operating leverage" (i.e., companies that, due to excess capacity, could see a significant decline in per-unit costs as sales rise - and given current projections of global growth, we believe the sales prospects for many industrial/capital-goods companies will remain healthy). One industrial-type stock we have added during the fourth quarter was Tyco International, a diversified manufacturing and services company. We established the position after the stock declined on earnings uncertainties to a degree we deemed to be excessive.

The rest of the Portfolio remained invested across a wide range of sectors on December 31, 1999, including telecommunications & equipment, computers and pharmaceuticals. We



modestly increased our weighting in the last area during the fourth quarter, adding American Home Products and Aventis, a recently formed company spawned by the merger of Rhone Poulenc and Hoechst.

Looking ahead to the next few months, we are optimistic regarding the prospects for the types of stocks held by the Portfolio, the Portfolio's clearly disappointing recent performance notwithstanding. On the whole, value stocks are very compellingly priced compared to growth stocks, with valuation discrepancies between the two groups as wide as they have been in nearly three decades. Any increased investor skittishness over growth stocks could, therefore, prompt investors to favorably reassess value stocks, to a potentially significant degree. Set within this environment, our focus will remain not on cheap stocks per se, but on those we deem to be fundamentally undervalued, given factors such as their underlying companies' balance sheet health and earnings prospects.

AVERAGE ANNUAL TOTAL RETURNS

| | GROWTH & INCOME | S&P 500 INDEX |
|-----------|-----------------|---------------|
| 1 YEAR | 5.75% | 21.04% |
| 5 YEARS | 20.31% | 28.51% |
| INCEPTION | 15.41% | 20.62% |

Commencement of operations May 1, 1992. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the Growth and Income Portfolio (the "Portfolio") at its inception with a similar investment in the S&P 500 Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The S&P 500 Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

GROWTH AND INCOME PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Year Ended December 31, 1995 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 19.12 | \$ 17.11 | \$ 16.91 | \$ 14.41 | \$ 11.22 |
| Income From Investment Operations | | | | | |
| Net investment income | 0.17 | 0.15 | 0.15 | 0.18 | 0.15 |
| Net gains and losses on securities (both realized and unrealized) | <u>0.92</u> | <u>2.01</u> | <u>4.67</u> | <u>3.12</u> | <u>3.62</u> |
| Total from investment operations | 1.09 | 2.16 | 4.82 | 3.30 | 3.77 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | | (0.15) | (0.15) | (0.18) | (0.15) |
| Dividends in excess of net investment income | | | | | |
| Distributions from capital gains | (0.15) | | (4.21) | (0.62) | (0.29) |
| Distributions in excess of capital gains | | | (0.26) | | (0.14) |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | (0.15) | (0.15) | (4.62) | (0.80) | (0.58) |
| Net asset value, end of year | <u>\$ 20.06</u> | <u>\$ 19.12</u> | <u>\$ 17.11</u> | <u>\$ 16.91</u> | <u>\$ 14.41</u> |
| Total Return (A) | 5.75% | 12.63% | 28.92% | 22.88% | 33.58% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 0.85% | 0.86% | 0.85% | 0.88% | 0.92% |
| Net investment income | 0.89% | 0.87% | 1.03% | 1.39% | 1.50% |
| Portfolio Turnover Rate | 99.60% | 66.19% | 129.53% | 35.69% | 32.30% |
| Net Assets, At End of Year | \$76,424,174 | \$65,309,530 | \$39,678,076 | \$23,711,696 | \$13,126,023 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

GROWTH AND INCOME PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—91.46%

| Company | Shares | Market Value |
|---|--------|------------------|
| Aerospace & Defense—0.98% | | |
| Honeywell International, Inc. | 13,000 | \$ 749,938 |
| | | <u>749,938</u> |
| Automotive Manufacturing—3.38% | | |
| Ford Motor Co. | 30,600 | 1,635,187 |
| Navistar International Corp.† | 20,000 | 947,500 |
| | | <u>2,582,687</u> |
| Automotive Parts & Equipment—1.97% | | |
| Borg-Warner Automotive, Inc. | 11,200 | 453,600 |
| Johnson Controls, Inc. | 10,100 | 574,437 |
| Meritor Automotive, Inc. | 24,800 | 480,500 |
| | | <u>1,508,537</u> |
| Banking—8.48% | | |
| AmSouth Bancorporation | 26,971 | 520,877 |
| Chase Manhattan Corp. | 5,000 | 388,438 |
| Comerica, Inc. | 40,400 | 1,886,175 |
| Compass Bancshares, Inc. | 30,300 | 676,069 |
| Golden West Financial Corp. | 17,100 | 572,850 |
| SunTrust Banks, Inc. | 7,500 | 516,094 |
| UnionBanCal Corp. | 14,400 | 567,900 |
| Wachovia Corp. | 14,500 | 986,000 |
| Wells Fargo Co. | 9,000 | 363,937 |
| | | <u>6,478,340</u> |
| Beverages—0.37% | | |
| Anheuser-Busch Companies, Inc. | 3,950 | 279,956 |
| | | <u>279,956</u> |
| Building Materials—3.00% | | |
| American Standard Companies, Inc.† | 27,200 | 1,247,800 |
| USG Corp. | 22,100 | 1,041,462 |
| | | <u>2,289,262</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|------------------|
| Chemicals—1.78% | | |
| Aventis, SA, ADR | 12,850 | \$ 730,844 |
| Ferro Corp. | 28,650 | 630,300 |
| | | <u>1,361,144</u> |
| Commercial Services—1.17% | | |
| Harsco Corp. | 28,200 | 895,350 |
| | | <u>895,350</u> |
| Computer Equipment & Services—1.28% | | |
| Hewlett-Packard Co. | 8,600 | 979,863 |
| | | <u>979,863</u> |
| Computer Information Systems—3.42% | | |
| Reynolds & Reynolds Co. | 20,800 | 468,000 |
| Unisys Corp.† | 67,200 | 2,146,200 |
| | | <u>2,614,200</u> |
| Electrical Equipment—0.55% | | |
| Emerson Electric Co. | 7,350 | 421,706 |
| | | <u>421,706</u> |
| Financial Services—8.37% | | |
| Associates First Capital Corp. | 32,400 | 888,975 |
| Countrywide Credit Industries, Inc. | 27,500 | 694,375 |
| Fannie Mae | 11,200 | 699,300 |
| Household International, Inc. | 21,200 | 789,700 |
| Labranche & Co., Inc.† | 19,800 | 252,450 |
| Lehman Brothers Holdings, Inc. | 20,750 | 1,757,266 |
| MBIA, Inc. | 9,900 | 522,844 |
| MGIC Investment Corp. | 13,100 | 788,456 |
| | | <u>6,393,366</u> |
| Food Products—3.69% | | |
| General Mills, Inc. | 30,700 | 1,097,525 |
| Hershey Foods Corp. | 9,600 | 456,000 |
| Keebler Foods Co.† | 45,000 | 1,265,625 |
| | | <u>2,819,150</u> |

See notes to financial statements.

GROWTH AND INCOME PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

| COMMON STOCK—CONTINUED | | |
|---|--------|------------------|
| Company | Shares | Market Value |
| Healthcare—1.04% | | |
| Trigon Healthcare, Inc.† | 26,950 | \$ 795,025 |
| | | <u>795,025</u> |
| Insurance—3.66% | | |
| American General Corp. | 10,500 | 796,688 |
| PMI Group, Inc., The | 15,275 | 745,611 |
| Terra Nova Bermuda Holdings, Ltd., ADR | 25,500 | 765,000 |
| XL Capital, Ltd. | 9,500 | 492,812 |
| | | <u>2,800,111</u> |
| Machinery—2.75% | | |
| Caterpillar, Inc. | 11,900 | 560,044 |
| Ingersoll-Rand Co. | 28,000 | 1,541,750 |
| | | <u>2,101,794</u> |
| Manufacturing—5.39% | | |
| Eaton Corp. | 7,600 | 551,950 |
| ITT Industries, Inc. | 19,600 | 655,375 |
| Minnesota Mining and Manufacturing Co. | 14,500 | 1,419,187 |
| Parker-Hannifin Corp. | 15,400 | 790,213 |
| Tyco International, Ltd. | 18,000 | 699,750 |
| | | <u>4,116,475</u> |
| Medical Products—2.10% | | |
| Baxter International, Inc. | 11,050 | 694,078 |
| Becton, Dickinson and Co. | 34,000 | 909,500 |
| | | <u>1,603,578</u> |
| Mining & Metals – Ferrous & Nonferrous—1.98% | | |
| Alcoa, Inc. | 18,284 | 1,517,572 |
| | | <u>1,517,572</u> |
| Office Equipment—0.70% | | |
| Pitney Bowes, Inc. | 11,100 | 536,269 |
| | | <u>536,269</u> |
| †Non-income producing security. | | |

| COMMON STOCK—CONTINUED | | |
|---|--------|------------------|
| Company | Shares | Market Value |
| Oil & Gas – Integrated—10.54% | | |
| Amerada Hess Corp. | 19,300 | \$ 1,095,275 |
| BP Amoco, ADR | 43,020 | 2,551,623 |
| Exxon Mobil Corp. | 25,900 | 2,086,569 |
| Royal Dutch Petroleum Co., ADR | 16,100 | 973,044 |
| Total Fina, SA, ADR | 19,500 | 1,350,375 |
| | | <u>8,056,886</u> |
| Oil & Gas Producers—1.63% | | |
| Devon Energy Corp. | 23,100 | 759,412 |
| Union Pacific Resources Group, Inc. | 37,900 | 483,225 |
| | | <u>1,242,637</u> |
| Oil & Gas Services & Equipment—1.72% | | |
| Pride International, Inc.† | 34,400 | 503,100 |
| R & B Falcon Corp.† | 61,200 | 810,900 |
| | | <u>1,314,000</u> |
| Pharmaceutical—2.82% | | |
| American Home Products Corp. | 12,300 | 485,081 |
| Eli Lilly and Co. | 17,800 | 1,183,700 |
| Pharmacia & Upjohn, Inc. | 10,900 | 490,500 |
| | | <u>2,159,281</u> |
| Publishing & Printing—1.31% | | |
| New York Times Co., The | 20,400 | 1,002,150 |
| | | <u>1,002,150</u> |
| Railroad—0.44% | | |
| Burlington Northern Sante Fe Corp. | 13,800 | 334,650 |
| | | <u>334,650</u> |

See notes to financial statements.

GROWTH AND INCOME PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|-------------------|
| Retail Stores—8.84% | | |
| Federated Department Stores, Inc.† | 22,600 | \$ 1,142,712 |
| Gap, Inc., The | 6,700 | 308,200 |
| May Department Stores Co., The | 44,250 | 1,427,062 |
| Payless ShoeSource, Inc.† | 6,100 | 286,700 |
| Ross Stores, Inc. | 63,000 | 1,130,063 |
| Safeway, Inc.† | 18,700 | 665,019 |
| TJX Companies, Inc., The | 46,600 | 952,388 |
| Toys “R” Us, Inc.† | 58,700 | 840,144 |
| | | <u>6,752,288</u> |
| Telecommunications – Integrated—6.53% | | |
| AT&T Corp. | 22,100 | 1,121,575 |
| Bell Atlantic Corp. | 30,018 | 1,847,983 |
| SBC Communications, Inc. | 41,408 | 2,018,640 |
| | | <u>4,988,198</u> |
| Utilities – Electric & Gas—1.57% | | |
| Allegheny Energy, Inc. | 17,100 | 460,631 |
| American Electric Power Co., Inc. | 9,500 | 305,188 |
| Illinova Corp. | 12,500 | 434,375 |
| | | <u>1,200,194</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$67,018,239) | | <u>69,894,607</u> |

†Non-income producing security.

PREFERRED STOCK—0.45%

| Company | Shares | Market Value |
|---|-------------|----------------------------|
| Real Estate—0.45% | | |
| Equity Residential Properties Trust, Series G, 7.250% | 17,400 | \$ 343,650 |
| | | <u>343,650</u> |
| TOTAL PREFERRED STOCK | | |
| (Cost \$433,016) | | <u>343,650</u> |
| TOTAL INVESTMENTS | | |
| (Cost \$67,451,255) | 91.91% | 70,238,257 |
| Other assets, less liabilities | <u>8.09</u> | <u>6,185,917</u> |
| TOTAL NET ASSETS | | <u><u>100.00%</u></u> |
| | | <u><u>\$76,424,174</u></u> |

See notes to financial statements.

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BALANCED PORTFOLIO

“While the Portfolio experienced many strong performers, our fixed-income positions came under pressure due to the backup in interest rates.”

—Blaine P. Rollins, Portfolio Manager—

INCEPTION DATE

May 1, 1992

FUND MANAGER

Janus Capital Corporation

INVESTMENT OBJECTIVE AND STRATEGY

To seek reasonable current income and long-term capital growth, consistent with conservation of capital.

NET ASSETS AS OF 12/31/99

\$53,313,418

NUMBER OF HOLDINGS

85

PORTFOLIO TURNOVER

237.64%

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

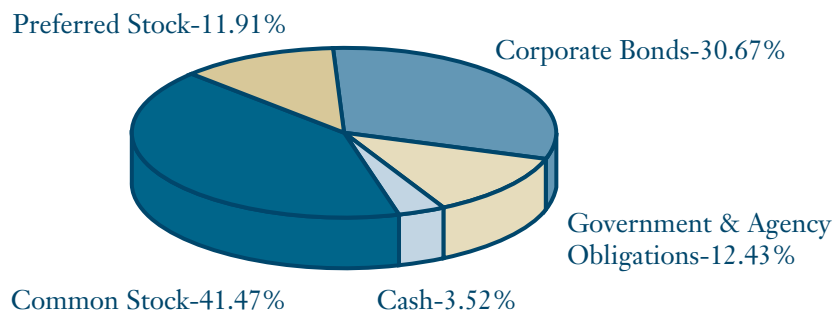
Financial Highlights

Schedule of
Portfolio Investments

BLAINE P. ROLLINS, CFA

- Joined Janus in 1990
- Over 10 years of professional investment experience
- B.S. in finance from University of Colorado
- Chartered Financial Analyst

BALANCED PORTFOLIO



based gains, exceptional results from our media and telecommunications holdings bolstered our returns. Thanks to strong advertising revenues from “dot.com” companies and millennium-related spending, our positions in Viacom and AT&T Liberty Media surged ahead. Investor appreciation of the cable industry’s pending introduction of video-on-demand provided an additional tailwind for these positions, which rallied as the market came to recognize the rich value of their respective media libraries.

We also experienced robust gains from Nokia as the company continues to solidify its position as the global leader for wireless handsets. Investors grew increasingly excited about the prospects for wireless data transmissions, which further supports an already compelling growth picture. Additionally, our

Thanks to a strong rally in technology stocks, domestic equities overcame a steady rise in long-term yields and additional Federal Reserve rate increases to close out an unprecedented fifth straight year of 20%-plus returns. Against this backdrop, the JPVF Balanced Portfolio performed exceptionally well, dramatically outperforming the Balanced Index.

While the Portfolio enjoyed broad-

| TOP TEN HOLDINGS | PERCENT OF PORTFOLIO† |
|--|-----------------------|
| U.S. Treasury Note, 5.875%, due 11/15/04 | 7.86% |
| Royal Caribbean, Series A, 7.250%, Preferred | 4.34% |
| General Electric Co. | 3.46% |
| Houston Industries, Inc., 7.000%, Preferred | 3.11% |
| Viacom, Inc., Class B | 2.66% |
| U.S. Treasury Note, 6.000%, due 08/15/09 | 2.32% |
| U.S. Treasury Note, 5.875%, due 11/30/01 | 2.24% |
| Nokia Oyj, SA, ADR | 2.23% |
| IBM, 5.375%, due 02/01/09 | 1.98% |
| Viacom, Inc., 7.750%, due 06/01/05 | 1.90% |

| TOP TEN INDUSTRIES | PERCENT OF PORTFOLIO† |
|---|-----------------------|
| Broadcasting | 15.94% |
| U.S. Treasury Bills, Bonds, and Notes | 12.43% |
| Telecommunications – Wireless | 9.62% |
| Entertainment & Leisure | 5.97% |
| Retail Stores | 5.77% |
| Computer Equipment & Services | 4.65% |
| Multimedia | 4.56% |
| Financial Services | 4.22% |
| Telecommunications – Equipment & Services | 3.93% |
| Internet Services | 3.49% |

†Represents market value of investments plus cash.

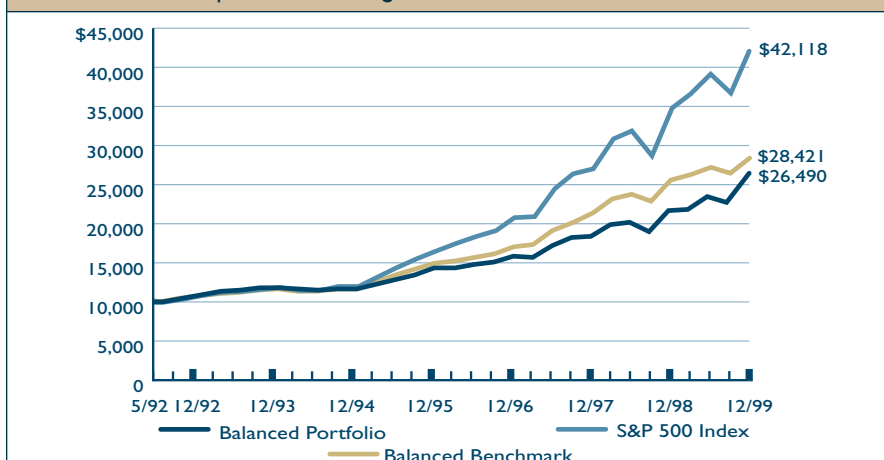
BALANCED PORTFOLIO

position in Texas Instruments moved ahead. Texas Instruments, a leading semiconductor manufacturer, also benefited from exceptional mobile handset sales. Texas Instrument's digital signal processor chips will power roughly two-thirds of the nearly 300 million mobile handsets sold in 1999, and this trend should increase in the future.

While the Portfolio experienced many strong performers, our fixed-income positions came under pressure due to the backup in interest rates. However, we've reduced the Portfolio's maturity in hopes of decreasing interest risk over the near term.

Looking ahead, robust U.S. economic growth may prompt further tightening by the Federal Reserve. However, it's business as usual here at Janus. Whether we're researching equities, bonds, or hybrids such as convertible securities, first

Balanced Portfolio, S&P 500 Index and Balanced Benchmark⁽¹⁾
Comparison of Change in Value of \$10,000 Investment.



and foremost, we focus on companies. By constantly searching for exceptional franchises with outstanding products or services, and visionary management teams, we can invest confidently, regardless of what the future holds.

AVERAGE ANNUAL TOTAL RETURNS

| | BALANCED | S&P 500 INDEX | BALANCED BENCHMARK ⁽¹⁾ |
|-----------|----------|---------------|-----------------------------------|
| 1 YEAR | 22.26% | 21.04% | 10.91% |
| 5 YEARS | 17.77% | 28.51% | 17.46% |
| INCEPTION | 13.54% | 20.62% | 12.25% |

Commencement of operations May 1, 1992. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the Balanced Portfolio (the "Portfolio") at its inception with a similar investment in the S&P 500 Index and the Balanced Benchmark⁽¹⁾. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The S&P 500 Index and the Balanced Benchmark are unmanaged indexes and include the reinvestment of all dividends, but do not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

⁽¹⁾ Effective May 1, 1999, the weighting of the Balanced Benchmark has been changed. The Balanced Benchmark reflects the performance of the 55% S&P 500/35% Lehman Aggregate/10% 90 Day T-Bill Index from May 1, 1992 through April 30, 1999 and the 50% S&P 500/40% Lehman Aggregate/10% 90 Day T-Bill Index from May 1, 1999 through December 31, 1999. This change in the Balanced Benchmark better represents the investment style of the Portfolio after the change of Portfolio management.

BALANCED PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Year Ended December 31, 1995 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 12.71 | \$ 11.75 | \$ 12.07 | \$ 11.91 | \$ 10.62 |
| Income From Investment Operations | | | | | |
| Net investment income | 0.31 | 0.24 | 0.30 | 0.26 | 0.37 |
| Net gains and losses on securities (both realized and unrealized) | <u>2.47</u> | <u>1.84</u> | <u>1.60</u> | <u>0.99</u> | <u>1.99</u> |
| Total from investment operations | 2.78 | 2.08 | 1.90 | 1.25 | 2.36 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | | (0.24) | (0.30) | (0.26) | (0.37) |
| Dividends in excess of net investment income | | | | | |
| Distributions from capital gains | (0.22) | (0.88) | (1.64) | (0.83) | (0.70) |
| Distributions in excess of capital gains | | | (0.28) | | |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | (0.22) | (1.12) | (2.22) | (1.09) | (1.07) |
| Net asset value, end of year | <u>\$ 15.27</u> | <u>\$ 12.71</u> | <u>\$ 11.75</u> | <u>\$ 12.07</u> | <u>\$ 11.91</u> |
| Total Return (A) | 22.26% | 17.74% | 16.33% | 10.56% | 22.35% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 0.97% | 0.94% | 0.97% | 0.97% | 0.99% |
| Net investment income | 2.49% | 2.08% | 2.60% | 2.20% | 3.20% |
| Portfolio Turnover Rate | 237.64% | 247.07% | 254.04% | 222.35% | 164.70% |
| Net Assets, At End of Year | \$53,313,418 | \$35,113,754 | \$22,637,577 | \$18,256,430 | \$14,532,268 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

BALANCED PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—41.39%

| Company | Shares | Market Value |
|---|--------|------------------|
| Banking—1.42% | | |
| Bank of New York Company, Inc., The | 6,380 | \$ 255,200 |
| Citigroup, Inc. | 9,040 | 502,285 |
| | | <u>757,485</u> |
| Broadcasting—6.54% | | |
| AT&T Corp. – Liberty Media Group† | 17,550 | 995,963 |
| Comcast Corp. | 19,040 | 962,710 |
| Hispanic Broadcasting Corp., Class A† | 5,610 | 517,347 |
| Infinity Broadcasting Corp.† | 17,175 | 621,520 |
| Univision Communications, Inc.† | 3,825 | 390,867 |
| | | <u>3,488,407</u> |
| Commercial Services—0.49% | | |
| Paychex, Inc. | 6,502 | 260,080 |
| | | <u>260,080</u> |
| Computer Equipment & Services—1.78% | | |
| EMC Corp./Mass† | 8,695 | 949,929 |
| | | <u>949,929</u> |
| Computer Network—1.74% | | |
| Cisco Systems, Inc.† | 8,670 | 928,774 |
| | | <u>928,774</u> |
| Computer Software – Mini & Micro—1.92% | | |
| Phone.com, Inc.† | 1,465 | 169,848 |
| Sun Microsystems, Inc.† | 11,000 | 851,813 |
| | | <u>1,021,661</u> |
| Diversified Operations—3.45% | | |
| General Electric Co. | 11,895 | 1,840,751 |
| | | <u>1,840,751</u> |

†Non-income producing security.

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|---|--------|------------------|
| Electronic Components—1.15% | | |
| Linear Technology Corp. | 3,690 | \$ 264,066 |
| Maxim Integrated Products, Inc.† | 7,400 | 349,187 |
| | | <u>613,253</u> |
| Electronics—0.32% | | |
| Gemstar International Group, Ltd.† | 2,420 | 172,425 |
| | | <u>172,425</u> |
| Electronics – Semiconductors—1.09% | | |
| Texas Instruments, Inc. | 6,000 | 581,250 |
| | | <u>581,250</u> |
| Entertainment & Leisure—0.55% | | |
| SFX Entertainment, Inc.† | 8,035 | 290,766 |
| | | <u>290,766</u> |
| Financial Services—1.60% | | |
| American Express Co. | 1,665 | 276,806 |
| Charles Schwab Corp., The | 14,985 | 575,050 |
| | | <u>851,856</u> |
| Food Service & Restaurants—0.40% | | |
| McDonald's Corp. | 5,295 | 213,455 |
| | | <u>213,455</u> |
| Insurance—2.35% | | |
| American International Group, Inc. | 3,660 | 395,738 |
| Prudential Corp., PLC | 43,605 | 857,342 |
| | | <u>1,253,080</u> |
| Internet Services—0.97% | | |
| VeriSign, Inc.† | 2,715 | 518,395 |
| | | <u>518,395</u> |

See notes to financial statements.

BALANCED PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

COMMON STOCK—CONTINUED

| Company | Shares | Market Value |
|--|--------|-------------------|
| Medical – Biotechnology–1.75% | | |
| Genentech, Inc.† | 6,920 | \$ 930,740 |
| | | <u>930,740</u> |
| Multimedia–2.65% | | |
| Viacom, Inc., Class B† | 23,415 | 1,415,144 |
| | | <u>1,415,144</u> |
| Pharmaceutical–1.24% | | |
| King Pharmaceuticals, Inc.† | 7,850 | 440,091 |
| Schering-Plough Corp. | 5,270 | 222,328 |
| | | <u>662,419</u> |
| Retail Stores–3.55% | | |
| Costco Wholesale Corp.† | 2,960 | 270,100 |
| Home Depot, Inc., The | 13,556 | 929,399 |
| Staples, Inc.† | 11,350 | 235,512 |
| Wal-Mart Stores, Inc. | 6,600 | 456,225 |
| | | <u>1,891,236</u> |
| Telecommunications – Equipment & Services–2.70% | | |
| Lucent Technologies, Inc. | 3,345 | 250,248 |
| Nokia Oyj, SA, ADR | 6,250 | 1,187,500 |
| | | <u>1,437,748</u> |
| Telecommunications – Integrated–1.11% | | |
| Telefonica, SA† | 22,076 | 548,747 |
| Telefonica, SA, ADR† | 555 | 43,741 |
| | | <u>592,488</u> |
| Telecommunications – Wireless–2.62% | | |
| Nextel Communications, Inc.† | 7,900 | 814,687 |
| Sprint Corp. – PCS Group† | 5,655 | 579,638 |
| | | <u>1,394,325</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$15,761,107) | | <u>22,065,667</u> |

†Non-income producing security.

PREFERRED STOCK—11.89%

| Company | Shares | Market Value |
|--|--------|------------------|
| Broadcasting–2.55% | | |
| Comcast Corp., 2.000%, due 10/15/29† | 7,900 | \$ 783,087 |
| Cox Communications, Inc., 7.000%, due 08/16/02 | 8,500 | 578,000 |
| | | <u>1,361,087</u> |
| Entertainment & Leisure–4.34% | | |
| Royal Caribbean Cruises, Ltd., Series A, 7.250%, due 02/17/00 | 15,400 | 2,310,000 |
| | | <u>2,310,000</u> |
| Telecommunications – Wireless–1.89% | | |
| Omnipoint Corp., 7.000% | 5,120 | 1,009,280 |
| | | <u>1,009,280</u> |
| Utilities – Electric & Gas–3.11% | | |
| Houston Industries, Inc., 7.000%, due 07/01/00 | 13,745 | 1,656,273 |
| | | <u>1,656,273</u> |
| TOTAL PREFERRED STOCK | | |
| (Cost \$4,955,204) | | <u>6,336,640</u> |

CONVERTIBLE BONDS—3.14 %

| Company | Principal Value | Market Value |
|---|-----------------|----------------|
| Advertising–0.69% | | |
| Lamar Advertising Co., 5.250%, due 09/15/06 | \$ 250,000 | \$ 365,625 |
| | | <u>365,625</u> |
| Broadcasting–1.00% | | |
| Telewest Communications, PLC, Series 144A, 5.250%, due 02/19/07 | 287,000 | 530,236 |
| | | <u>530,236</u> |

See notes to financial statements.

BALANCED PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

CONVERTIBLE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|------------------|
| Internet Services—0.90% | | |
| BEA Systems, Inc., Series 144A, 4.000%, due 12/15/06 | \$ 115,000 | \$ 134,694 |
| Exodus Communications, Inc., Series 144A, 4.750%, due 07/15/08 | 250,000 | 346,562 |
| | | <u>481,256</u> |
| Telecommunications – Wireless—0.55% | | |
| Nextel Communications, Inc., Series 144A, 4.750%, due 07/01/07 | 130,000 | 294,938 |
| | | <u>294,938</u> |
| TOTAL CONVERTIBLE BONDS (Cost \$1,258,023) | | <u>1,672,055</u> |

CORPORATE BONDS—27.19 %

| Company | Principal Value | Market Value |
|--|-----------------|----------------|
| Banking—0.09% | | |
| Firststar Bank, NA, 7.125%, due 12/01/09 | \$ 50,000 | \$ 48,365 |
| | | <u>48,365</u> |
| Beverages—1.70% | | |
| Anheuser-Busch Co., Inc., 5.375%, due 09/15/08 | 500,000 | 440,389 |
| Coca-Cola Enterprises, Inc., 7.125%, due 09/30/09 | 475,000 | 465,459 |
| | | <u>905,848</u> |

†Non-income producing security.

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|------------------|
| Broadcasting—5.82% | | |
| AT&T Corp. – Liberty Media Group, 7.875%, due 07/15/09 | \$ 275,000 | \$ 274,207 |
| Charter Communications Holdings, LLC, Series 144A, 8.625%, due 04/01/09 | 560,000 | 520,100 |
| Cox Communications, Inc., 7.000%, due 08/15/01 | 300,000 | 299,424 |
| Cox Communications, Inc., 7.500%, due 08/15/04 | 330,000 | 331,872 |
| Cox Communications, Inc., 7.750%, due 08/15/06 | 250,000 | 252,612 |
| Falcon Holdings Group, LP, Series B, 8.325%, due 04/15/10 | 750,000 | 760,313 |
| MediaComm, LLC, Series 144A, 7.875%, due 02/15/11 | 750,000 | 663,750 |
| | | <u>3,102,278</u> |
| Chemicals—0.28% | | |
| E.I. du Pont de Nemours & Co., 6.750%, due 10/15/04 | 150,000 | 148,129 |
| | | <u>148,129</u> |
| Computer Equipment & Services—2.86% | | |
| Dell Computer Corp., 6.550%, due 04/15/08 | 500,000 | 469,219 |
| International Business Machines Corp., 5.375%, due 02/01/09 | 1,200,000 | 1,056,144 |
| | | <u>1,525,363</u> |
| Computer Software – Mini & Micro—0.19% | | |
| Sun Microsystems, Inc., 7.650%, due 08/15/09 | 100,000 | 100,333 |
| | | <u>100,333</u> |

See notes to financial statements.

BALANCED PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|------------------|
| Cosmetics & Personal Care—0.18% | | |
| Proctor & Gamble Co., 5.250%, due 09/15/03 | \$ 100,000 | \$ 95,000 |
| | | <u>95,000</u> |
| Entertainment & Leisure—1.09% | | |
| Royal Caribbean Cruises, Ltd., 7.000%, due 10/15/07 | 615,000 | 577,389 |
| | | <u>577,389</u> |
| Financial Services—2.34% | | |
| Ford Motor Credit, 5.800%, due 01/12/09 | 600,000 | 533,400 |
| General Motors Acceptance Corp., 5.850%, due 01/14/09 | 800,000 | 713,264 |
| | | <u>1,246,664</u> |
| Internet Services—1.60% | | |
| Exodus Communications, Inc., 11.250%, due 07/01/08 | 500,000 | 518,750 |
| PSINet, Inc., Series 144A, 11.000%, due 08/01/09 | 325,000 | 336,375 |
| | | <u>855,125</u> |
| Medical – Biotechnology—0.43% | | |
| Monsanto Co., Series 144A, 5.375%, due 12/01/05 | 250,000 | 230,383 |
| | | <u>230,383</u> |
| Multimedia—1.90% | | |
| Viacom, Inc., 7.750%, due 06/01/05 | 1,000,000 | 1,011,970 |
| | | <u>1,011,970</u> |

†Non-income producing security.

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|-------------------|
| Retail Stores—2.21% | | |
| Wal-Mart Stores, Inc., 6.150%, due 08/10/01 | \$ 400,000 | \$ 397,242 |
| Wal-Mart Stores, Inc., 6.550%, due 08/10/04 | 300,000 | 295,322 |
| Wal-Mart Stores, Inc., 6.875%, due 08/10/09 | 500,000 | 487,569 |
| | | <u>1,180,133</u> |
| Telecommunications – Equipment & Services—1.22% | | |
| Lucent Technologies, Inc., 5.500%, due 11/15/08 | 600,000 | 534,102 |
| Metromedia Fiber Network, Inc., 10.000%, due 12/15/09 | 115,000 | 118,450 |
| | | <u>652,552</u> |
| Telecommunications – Integrated—0.74% | | |
| 360 Communications Co., 7.500%, due 03/01/06 | 125,000 | 125,977 |
| AT&T Corp., 6.000%, due 03/15/09 | 300,000 | 270,375 |
| | | <u>396,352</u> |
| Telecommunications – Wireless—4.54% | | |
| Airtouch Communications, Inc., 6.650%, due 05/01/08 | 600,000 | 566,458 |
| Nextel Communications, Inc., 9.750%, due 08/15/04 | 563,000 | 582,705 |
| Nextel Communications, Inc., 9.375%, due 11/15/09 | 720,000 | 709,200 |
| VoiceStream Wireless Corp., Series 144A, 10.375%, due 11/15/09 | 545,000 | 564,075 |
| | | <u>2,422,438</u> |
| TOTAL CORPORATE BONDS (Cost \$14,974,703) | | <u>14,498,322</u> |

See notes to financial statements.

BALANCED PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

FOREIGN BONDS—0.28%

| Company | Principal Value | Market Value |
|--|--------------------|-----------------|
| Financial Services—0.28% | | |
| HSBC Holdings, PLC, 7.500%, due 07/15/09 | \$ 150,000 | \$ 148,186 |
| | | <u>148,186</u> |
| TOTAL FOREIGN BONDS (Cost \$153,435) | | <u>148,186</u> |

GOVERNMENT & AGENCY OBLIGATIONS—12.40%

| Company | Principal Value | Market Value |
|--|--------------------|---------------------|
| U.S. Treasury Bills, Bonds, and Notes—12.40% | | |
| U.S. Treasury Note, 5.875%, due 11/30/01 | \$1,200,000 | \$ 1,192,876 |
| U.S. Treasury Note, 5.875%, due 11/15/04 | 4,265,000 | 4,183,700 |
| U.S. Treasury Note, 6.000%, due 08/15/09 | 1,275,000 | <u>1,235,555</u> |
| | | <u>6,612,131</u> |
| TOTAL GOVERNMENT & AGENCY OBLIGATIONS (Cost \$6,737,633) | | <u>6,612,131</u> |
| TOTAL INVESTMENTS (Cost \$43,840,105) | 96.29% | 51,333,001 |
| Other assets, less liabilities | <u>3.71</u> | <u>1,980,417</u> |
| TOTAL NET ASSETS | <u>100.00%</u> | <u>\$53,313,418</u> |

†Non-income producing security.

See notes to financial statements.

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HIGH YIELD BOND PORTFOLIO

“The high-yield bond market finished on a strong note as more investors began to appreciate the attractive spreads available in this segment of the marketplace.”

—Bernard A. Scozzafava, Portfolio Manager—

INCEPTION DATE

January 1, 1998

FUND MANAGER

Massachusetts Financial Services Company

INVESTMENT OBJECTIVE AND STRATEGY

To seek a high level of income by investing primarily in corporate obligations with emphasis on higher-yielding, higher risk, lower-rated or unrated securities.

NET ASSETS AS OF 6/30/99

\$9,401,814

NUMBER OF HOLDINGS

199

PORTFOLIO TURNOVER

43.44%

DOLLAR WEIGHTED AVERAGE MATURITY

7.5 years

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

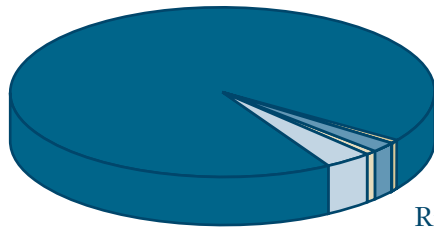
Schedule of
Portfolio Investments

BERNARD SCOZZAFAVA Vice President

- Joined MFS in 1989
- M.S. from Massachusetts Institute of Technology
- Graduate of Hamilton College

HIGH YIELD BOND PORTFOLIO

Corporate Bonds-93.41%



Common Stock-0.31%

Preferred Stock-1.87%

Cash-3.48% Rights and Warrants-0.93%

funds within their respective investment objectives, adjusted for the reinvestment of capital gains distributions and income dividends.

While many high-yield companies benefited from improved operating results in 1999, the market's overall performance for the year was lackluster. Heavy new issuance of high-yield bonds and a rise in the default rate exerted downward pressure on the prices of existing bonds. The increase in credit problems was largely due to the effects that soft oil prices and Medicare reform had on companies in the energy and health care industries, respectively.

While performance for most of the year was indeed lackluster, the high-yield bond market finished on a strong note as more investors began to appreciate the attractive spreads available in this segment of the marketplace.

Compared to its benchmarks, the Portfolio performed relatively well this year. Our team held firm to the belief that avoiding mistakes is just as important as picking the best investments. That's why MFS Original Research® and depth of professional experience remained so critically important to the Portfolio's relative success.

Our time-tested experience in the high-yield bond arena was also critical to

| PORTFOLIO QUALITY | PERCENT OF PORTFOLIO‡ |
|-------------------|-----------------------|
| BBB | 1.67% |
| BB | 7.57% |
| B | 71.35% |
| CCC | 8.71% |
| D | 0.21% |
| Not Rated | 3.90% |
| Cash | 3.48% |

| TOP TEN HOLDINGS | PERCENT OF PORTFOLIO‡ |
|--|-----------------------|
| Colt Telecom Group, Step, 0.000%, due 12/15/06 | 1.17% |
| American Standard Co., 7.375%, due 02/01/08 | 1.16% |
| Esat Telecom, B, 11.875%, due 12/01/08 | 1.12% |
| NTL, Inc., B, Step, 0.000%, due 04/01/08 | 1.08% |
| Ono Finance, PLC, 13.000%, due 05/01/09 | 1.08% |
| Huntsman ICI, 144A, 10.125%, due 07/01/09 | 1.04% |
| Time Warner Telecom, 9.750%, due 07/15/08 | 1.04% |
| Riverwood Int'l Corp., 10.250%, due 04/01/06 | 1.02% |
| United Pan-Europe, B, 10.875%, due 08/01/09 | 1.02% |
| TeleWest Comm., PLC, 9.625%, due 10/01/06 | 1.02% |

‡Represents market value of investments plus cash.

For the year ended December 31, 1999, the JPVF High Yield Bond Portfolio provided a total return of 4.79%, which compares to a return of 2.39% for the Lehman Brothers High Yield Bond Index, an unmanaged index of noninvestment-grade corporate debt, and to 4.00% for the Lipper High Yield Bond Fund Index. For the six months ended December 31, the Portfolio provided a total return of 0.09%, which includes the reinvestment of any distributions but does not reflect any applicable contract or surrender charges. This result compares to a return of -1.14% for the Lehman Brothers High Yield Bond Index, an unmanaged index of non-investment-grade corporate debt. Over the same period, the Lipper High Yield Bond Fund Index returned -0.30%. Lipper Mutual Fund indices are unmanaged net-asset-value weighted indices of the largest qualifying mutual

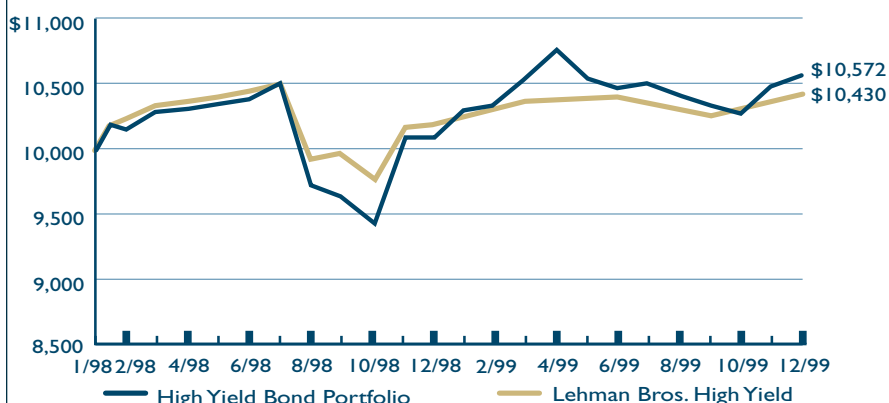
This Portfolio carries a higher degree of risk than other bond portfolios because it invests in lower grade issues.

HIGH YIELD BOND PORTFOLIO

our ability to steer clear of trouble spots and avoid bankruptcies in various sectors of the economy. Years of observing the dynamics in energy and health care, for example, enabled us to anticipate, as well as avoid, the problems that ultimately plagued these industries.

The Portfolio's performance benefited from an increased overweighting in the telecommunications sector, which remains one of the best performing sectors in the high-yield market. Deregulation, both here in the United States and in Europe, has contributed to the exceptional growth in new telecommunication networks, many of which have been financed with high-yield bonds. We continue to favor facility-based operators which are experiencing strong customer demand, in part due to the explosion of Internet traffic. The telecom sector has benefited from consolidation as well as equity investments from outside the industry. We invested in the debt of such telecom companies as MetroNet and Nextel. MetroNet, a competitive local exchange company (CLEC) in Canada, saw its bonds appreciate after announcing its merger with AT&T of Canada, an investment-grade company with better financial resources. Our position in Nextel Communications rose in value

High Yield Bond Portfolio and Lehman Bros. High Yield Bond Index
Comparison of Change in Value of \$10,000 Investment.



after Microsoft announced its \$600 million investment in the company.

Our second largest exposure was in media, a highly defensive industry. Core holdings included cable television and radio entities such as Charter Communication, one of the fastest growing companies in the field. Controlled by Paul Allen, the co-founder of Microsoft, Charter's valuation has risen following the increased utilization of cable networks as a means of accessing the Internet.

Given the optimistic outlook for continued growing corporate earnings in 2000, as well as the higher yield levels available in the market today, we believe that high-yield bonds remain an attractive asset class.

AVERAGE ANNUAL TOTAL RETURNS

| | HIGH YIELD | LEHMAN BROS. HIGH YIELD BOND INDEX |
|-----------|------------|------------------------------------|
| 1 YEAR | 4.79% | 2.39% |
| INCEPTION | 2.83% | 2.13% |

Commencement of operations January 1, 1998. Past performance is not predictive of future performance.

This graph compares an initial \$10,000 investment made in the High Yield Bond Portfolio (the "Portfolio") at its inception with a similar investment in the Lehman Bros. High Yield Bond Index. For the purposes of this graph and the accompanying table, the average annual total return for the Portfolio reflects all recurring expenses and includes the reinvestment of all dividends and distributions.

The Lehman Bros. High Yield Bond Index is an unmanaged index and includes the reinvestment of all dividends, but does not reflect the payment of transaction costs, advisory fees or expenses that are associated with an investment in the Portfolio.

Shares of the Portfolio are offered only through the variable products of Jefferson Pilot Financial and its affiliates. Total returns do not reflect any separate account expenses imposed on the policies which may include a premium tax charge, account fees, cost of insurance, mortality expenses and surrender charges, as applicable.

HIGH YIELD BOND PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 |
|--|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 9.49 | \$ 10.00 |
| Income From Investment Operations | | |
| Net investment income | 0.75 | 0.60 |
| Net gains and losses on securities (both realized and unrealized) | <u>(0.30)</u> | <u>(0.51)</u> |
| Total from investment operations | 0.45 | 0.09 |
| Less Distributions to Shareholders | | |
| Dividends from net investment income | (0.75) | (0.60) |
| Dividends in excess of net investment income | | |
| Distributions from capital gains | | |
| Distributions in excess of capital gains | | |
| Returns of capital | <u> </u> | <u> </u> |
| Total distributions | (0.75) | (0.60) |
| Net asset value, end of year | <u>\$ 9.19</u> | <u>\$ 9.49</u> |
| Total Return (A) | 4.79% | 0.89% |
| Ratios to Average Net Assets: | | |
| Expenses | 1.15% | 1.24% |
| Net investment income | 7.58% | 7.85% |
| Portfolio Turnover Rate | 43.44% | 84.21% |
| Net Assets, At End of Year | \$9,401,814 | \$7,968,843 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

COMMON STOCK—0.33%

| Company | Shares | Market Value |
|--|--------|---------------|
| Telecommunications – Wireline—0.33% | | |
| Viatel, Inc.† | 575 | \$ 30,834 |
| | | <u>30,834</u> |
| TOTAL COMMON STOCK | | |
| (Cost \$4,841) | | <u>30,834</u> |

PREFERRED STOCK—1.98%

| Company | Shares | Market Value |
|--|--------|----------------|
| Publishing & Printing—0.60% | | |
| Primedia, Inc., Series H, 8.625%, due 04/01/10 | 650 | \$ 56,713 |
| | | <u>56,713</u> |
| Telecommunications – Equipment & Services—0.43% | | |
| Global Crossing, Ltd., 10.500%, due 12/01/08 | 400 | 40,300 |
| | | <u>40,300</u> |
| Telecommunications – Wireless—0.95% | | |
| Crown Castle International Corp., 12.750%, due 12/15/10 | 57 | 58,743 |
| Rural Cellular Corp., Series B, 11.375%, due 05/15/10 | 30 | 30,825 |
| | | <u>89,568</u> |
| TOTAL PREFERRED STOCK | | |
| (Cost \$181,228) | | <u>186,581</u> |

†Non-income producing security.

CORPORATE BONDS—82.42%

| Company | Principal Value | Market Value |
|--|-----------------|----------------|
| Aerospace & Defense—2.16% | | |
| Argo-Tech Corp., 8.625%, due 10/01/07 | \$ 40,000 | \$ 35,800 |
| BE Aerospace, Inc., Series B, 8.000%, due 03/01/08 | 50,000 | 43,750 |
| K & F Industries, Inc., Series B, 9.250%, due 10/15/07 | 75,000 | 71,625 |
| L-3 Communications Corp., Series B, 10.375%, due 05/01/07 | 50,000 | 51,875 |
| | | <u>203,050</u> |
| Automotive Parts & Equipment—1.26% | | |
| Dura Operating Corp., Series B, 9.000%, due 05/01/09 | 25,000 | 23,687 |
| Hayes Wheels International, Inc., 11.000%, due 07/15/06 | 57,000 | 59,850 |
| Hayes Wheels International, Inc., Series B, 9.125%, due 07/15/07 | 20,000 | 19,650 |
| Talon Automotive Group, LLC, Series B, 9.625%, due 05/01/08 | 25,000 | 15,688 |
| | | <u>118,875</u> |
| Broadcasting—13.05% | | |
| Adelphia Communications Corp., Series 144A, 8.375%, due 02/01/08 | 100,000 | 93,250 |
| Adelphia Communications Corp., 9.375%, due 11/15/09 | 20,000 | 19,700 |
| Albritton Communications Co., Series B, 9.750%, due 11/30/07 | 40,000 | 40,300 |
| Avalon Cable of Michigan, 9.375%, due 12/01/08 | 75,000 | 76,125 |
| Bresnan Communications Group, Series B, 8.000%, due 02/01/09 | 75,000 | 75,844 |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

| CORPORATE BONDS—CONTINUED | | |
|--|-----------------|--------------|
| Company | Principal Value | Market Value |
| Broadcasting—Continued | | |
| Chancellor Media Corp., Series B, 8.750%, due 06/15/07 | \$ 40,000 | \$ 40,500 |
| Charter Communications Holdings, LLC, 8.250%, due 04/01/07 | 100,000 | 92,750 |
| Charter Communications Holdings, LLC, Zero Coupon, Step-up, due 04/01/11† | 115,000 | 67,994 |
| Classic Cable, Inc., 9.875%, due 08/01/08 | 40,000 | 40,250 |
| CSC Holdings, Inc., Series B, 8.125%, due 08/15/09 | 50,000 | 50,188 |
| Cumulus Media, Inc., 10.375%, due 07/01/08 | 50,000 | 52,250 |
| EchoStar DBS Corp., 9.375%, due 02/01/09 | 100,000 | 101,000 |
| Fox/Liberty Networks, LLC, 8.875%, due 08/15/07 | 55,000 | 56,375 |
| Frontiervision Holdings, LP, Zero Coupon, Step-up, due 09/15/07† | 45,000 | 40,500 |
| Frontiervision, LP, 11.000%, due 10/15/06 | 50,000 | 53,250 |
| Granite Broadcasting Corp., 10.375%, due 05/15/05 | 15,000 | 15,375 |
| Granite Broadcasting Corp., 8.875%, due 05/15/08 | 25,000 | 24,125 |
| Insight Midwest, LP/Insight Capital, Inc., Series 144A, 9.750%, due 10/01/09 | 50,000 | 51,875 |
| Lenfest Communications, Inc., 8.375%, due 11/01/05 | 40,000 | 41,200 |
| LIN Television Corp., Zero Coupon, Step-up, due 03/01/08† | 60,000 | 40,725 |
| †Non-income producing security. | | |

| CORPORATE BONDS—CONTINUED | | |
|---|-----------------|------------------|
| Company | Principal Value | Market Value |
| Broadcasting—Continued | | |
| Telemundo Group, Inc., Series B, Zero Coupon, Step-up, due 08/15/08† | \$ 125,000 | \$ 75,000 |
| United International Holdings, Inc., Series B, Zero Coupon, Step-up, due 02/15/08† | 85,000 | 54,825 |
| Young Broadcasting, Inc., Series B, 8.750%, due 06/15/07 | 25,000 | 23,812 |
| | | <u>1,227,213</u> |
| Building Materials—3.81% | | |
| American Standard Companies, Inc., 7.375%, due 02/01/08 | 125,000 | 115,313 |
| Building Materials Holding Corp., Series B, 7.750%, due 07/15/05 | 50,000 | 45,750 |
| Formica Corp., Series B, 10.875%, due 03/01/09 | 50,000 | 46,250 |
| MMI Products, Inc., Series B, 11.250%, due 04/15/07 | 35,000 | 36,225 |
| Nortek, Inc., 9.875%, due 03/01/04 | 50,000 | 49,500 |
| Nortek, Inc., Series B, 9.250%, due 03/15/07 | 25,000 | 24,500 |
| Synthetic Industries, Series 144A, 13.000%, due 12/13/00 | 41,250 | 40,631 |
| | | <u>358,169</u> |
| Chemicals—2.79% | | |
| Huntsman ICI Chemicals, LLC, Series 144A, 10.125%, due 07/01/09 | 100,000 | 104,000 |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

| CORPORATE BONDS—CONTINUED | | |
|---|-----------------|----------------|
| Company | Principal Value | Market Value |
| Chemicals—Continued | | |
| Lyondell Chemical Co., Series A, 9.625%, due 05/01/07 | \$ 35,000 | \$ 35,963 |
| Lyondell Chemical Co., Series B, 9.875%, due 05/01/07 | 65,000 | 66,625 |
| Sterling Chemicals, Inc., Series A, 11.250%, due 04/01/07 | 75,000 | 55,500 |
| | | <u>262,088</u> |
| Commercial Services—2.30% | | |
| Anacomp, Inc., Series B, 10.875%, due 04/01/04 | 95,000 | 95,000 |
| Iron Mountain, Inc., 10.125%, due 10/01/06 | 50,000 | 51,125 |
| Pierce Leahy Corp., 11.125%, due 07/15/06 | 30,000 | 31,950 |
| Williams Scotsman, Inc., 9.875%, due 06/01/07 | 40,000 | 38,600 |
| | | <u>216,675</u> |
| Cosmetics & Personal Care—0.96% | | |
| Remington Product Co., LLC, Series B, 11.000%, due 05/15/06 | 30,000 | 23,250 |
| Revlon Consumer Products Corp., 8.625%, due 02/01/06 | 90,000 | 66,600 |
| | | <u>89,850</u> |
| Educational Services—0.57% | | |
| Kindercare Learning Centers, Inc., Series B, 9.500%, due 02/15/09 | 55,000 | 53,900 |
| | | <u>53,900</u> |
| †Non-income producing security. | | |

| CORPORATE BONDS—CONTINUED | | |
|---|-----------------|----------------|
| Company | Principal Value | Market Value |
| Electronic Components—0.54% | | |
| Moog, Inc., Series B, 10.000%, due 05/01/06 | \$ 50,000 | \$ 51,178 |
| | | <u>51,178</u> |
| Entertainment & Leisure—4.65% | | |
| AMC Entertainment, Inc., 9.500%, due 03/15/09 | 25,000 | 22,375 |
| Aztar Corp., 8.875%, due 05/15/07 | 50,000 | 48,250 |
| Boyd Gaming Corp., 9.500%, due 07/15/07 | 100,000 | 99,500 |
| Coast Hotels & Casinos, Inc., 9.500%, due 04/01/09 | 100,000 | 96,000 |
| Hollywood Park, Inc., Series B, 9.250%, due 02/15/07 | 25,000 | 24,906 |
| Isle of Capri Casinos, Inc., 8.750%, due 04/15/09 | 20,000 | 18,500 |
| Lady Luck Gaming Corp., 11.875%, due 03/01/01 | 55,000 | 55,688 |
| Station Casinos, Inc., 8.875%, due 12/01/08 | 75,000 | 71,812 |
| | | <u>437,031</u> |
| Food Products—0.25% | | |
| Vlasic Foods International, Inc., Series B, 10.250%, due 07/01/09 | 25,000 | 23,937 |
| | | <u>23,937</u> |
| Forest Products & Paper—2.28% | | |
| Buckeye Technologies, Inc., 8.500%, due 12/15/05 | 40,000 | 39,100 |
| Buckeye Technologies, Inc., 9.250%, due 09/15/08 | 40,000 | 40,550 |
| Specialty Paperboard, Inc., 9.375%, due 10/15/06 | 70,000 | 70,175 |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|----------------|
| Forest Products & Paper—Continued | | |
| U.S. Timberlands Co., L.P., 9.625%, due 11/15/07 | \$ 70,000 | \$ 64,050 |
| | | <u>213,875</u> |
| Healthcare—0.94% | | |
| Fresenius Medical Capital Trust II, 7.875%, due 02/01/08 | 35,000 | 32,375 |
| Prime Medical Services, Inc., 8.750%, due 04/01/08 | 60,000 | <u>55,500</u> |
| | | <u>87,875</u> |
| Home Furnishings—0.73% | | |
| Sealy Mattress, Co., Series B, 9.875%, due 12/15/07 | 40,000 | 40,300 |
| Simmons Co., 10.250%, due 03/15/09 | 30,000 | <u>28,537</u> |
| | | <u>68,837</u> |
| Internet Services—1.93% | | |
| Exodus Communications, Inc., 11.250%, due 07/01/08 | 50,000 | 51,875 |
| Exodus Communications, Inc., Series 144A, 10.750%, due 12/15/09 | 25,000 | <u>25,563</u> |
| PSINet, Inc., 11.500%, due 11/01/08 | 10,000 | 10,500 |
| PSINet, Inc., 11.000%, due 08/01/09 | 90,000 | <u>93,150</u> |
| | | <u>181,088</u> |

†Non-income producing security.

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|----------------|
| Machinery—3.24% | | |
| Columbus McKinnon Corp., 8.500%, due 04/01/08 | \$ 75,000 | \$ 66,937 |
| Fairfield Manufacturing Co., 9.625%, due 10/15/08 | 50,000 | 47,250 |
| Newcor, Inc., Series B, 9.875%, due 03/01/08 | 90,000 | 47,250 |
| Numatics, Inc., Series B, 9.625%, due 04/01/08 | 25,000 | 18,875 |
| Simonds Industries, Inc., 10.250%, due 07/01/08 | 35,000 | 28,175 |
| Thermadyne Holdings Corp., Zero Coupon, Step-up, due 06/01/08† | 150,000 | 69,375 |
| Thermadyne Holdings Corp., 9.875%, due 06/01/08 | 30,000 | <u>26,288</u> |
| | | <u>304,150</u> |
| Manufacturing—1.74% | | |
| Blount International Co., Series 144A, 13.000%, due 08/01/09 | 25,000 | 26,500 |
| International Knife & Saw, Inc., 11.375%, due 11/15/06 | 50,000 | 36,750 |
| Polymer Group, Inc., Series B, 9.000%, due 07/01/07 | 50,000 | 48,750 |
| Samsonite Corp., 10.750%, due 06/15/08 | 60,000 | <u>51,900</u> |
| | | <u>163,900</u> |
| Medical Products—0.13% | | |
| Alaris Medical Inc., Zero coupon, Step-up, due 08/01/08† | 30,000 | <u>12,488</u> |
| | | <u>12,488</u> |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|----------------|
| Mining & Metals – Ferrous & Nonferrous–6.07% | | |
| AK Steel Holding Corp., 9.125%, due 12/15/06 | \$ 85,000 | \$ 86,913 |
| AK Steel Holding Corp., 7.875%, due 02/15/09 | 25,000 | 23,750 |
| Commonwealth Aluminum Corp., 10.750%, due 10/01/06 | 50,000 | 50,750 |
| International Utility Structures, Inc., 10.750%, due 02/01/08 | 40,000 | 33,800 |
| Earle M. Jorgensen Co., Series B, 9.500%, due 04/01/05 | 50,000 | 47,000 |
| Kaiser Aluminum & Chemical Corp., 9.875%, due 02/15/02 | 75,000 | 74,250 |
| Keystone Consolidated Industries, Inc., 9.625%, due 08/01/07 | 5,000 | 4,475 |
| Metal Management, Inc., 10.000%, due 05/15/08 | 50,000 | 38,000 |
| Oxford Automotive, Inc., Series D, 10.125%, due 06/15/07 | 65,000 | 61,425 |
| P & L Coal Holdings Corp., 9.625%, due 05/15/08 | 90,000 | 89,100 |
| WCI Steel, Inc., Series B, 10.000%, due 12/01/04 | 60,000 | 61,200 |
| | | <u>570,663</u> |
| Office Equipment–0.16% | | |
| General Binding Corp., 9.375%, due 06/01/08 | 30,000 | 14,550 |
| | | <u>14,550</u> |

†Non-income producing security.

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|----------------|
| Oil & Gas – Distribution & Marketing–0.44% | | |
| Clark R&M, Inc., 8.625%, due 08/15/08 | \$ 40,000 | \$ 25,000 |
| Clark USA, Inc., Trizec, 10.875%, due 12/01/05 | 40,000 | 16,200 |
| | | <u>41,200</u> |
| Oil & Gas Producers–2.32% | | |
| Chesapeake Energy Corp., Series B, 9.625%, due 05/01/05 | 90,000 | 85,275 |
| Continental Resources, Inc., 10.250%, due 08/01/08 | 25,000 | 22,156 |
| Forest Oil, 10.500%, due 01/15/06 | 50,000 | 50,750 |
| HS Resources, Inc., 9.250%, due 11/15/06 | 25,000 | 24,875 |
| Ocean Energy, Inc., Series B, 8.875%, due 07/15/07 | 35,000 | 34,825 |
| | | <u>217,881</u> |
| Oil & Gas Services & Equipment–0.43% | | |
| Pool Energy Services Co., Series B, 8.625%, due 04/01/08 | 40,000 | 40,600 |
| | | <u>40,600</u> |
| Packaging & Containers–4.36% | | |
| Applied Extrusion Technologies, Inc., Series B, 11.500%, due 04/01/02 | 25,000 | 25,750 |
| Gaylord Container Corp., Series B, 9.750%, due 06/15/07 | 80,000 | 69,400 |
| Gaylord Container Corp., Series B, 9.875%, due 02/15/08 | 65,000 | 61,587 |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|----------------|
| Packaging & Containers—Continued | | |
| Graham Packaging Co., Series B, 8.750%, due 01/15/08 | \$ 10,000 | \$ 9,650 |
| Packaging Corp. of America, 9.625%, due 04/01/09 | 40,000 | 41,050 |
| Riverwood International Corp., 10.250%, due 04/01/06 | 100,000 | 101,750 |
| Silgan Holdings, Inc., 9.000%, due 06/01/09 | 50,000 | 49,250 |
| US Can Corp., Series B, 10.125%, due 10/15/06 | 50,000 | 51,250 |
| | | <u>409,687</u> |
| Publishing & Printing—1.93% | | |
| Hollinger International Publishing, Inc., 9.250%, due 03/15/07 | 65,000 | 64,675 |
| Liberty Group Operating, Inc., 9.375%, due 02/01/08 | 50,000 | 44,750 |
| Mail-Well, Inc., Series B, 8.750%, due 12/15/08 | 25,000 | 23,875 |
| World Color Press, Inc., 8.375%, due 11/15/08 | 25,000 | 24,687 |
| World Color Press, Inc., 7.750%, due 02/15/09 | 25,000 | 23,875 |
| | | <u>181,862</u> |
| Retail Stores—2.35% | | |
| Cole National Group, Inc., 8.625%, due 08/15/07 | 30,000 | 21,750 |
| Duane Reade, Inc., 9.250%, due 02/15/08 | 50,000 | 49,187 |
| Finlay Fine Jewellery Corp., 8.375%, due 05/01/08 | 25,000 | 23,250 |

†Non-income producing security.

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|----------------|
| Retail Stores—Continued | | |
| Finlay Fine Jewellery Corp., 9.000%, due 05/01/08 | \$ 10,000 | \$ 9,150 |
| Jitney-Jungle Stores America, Inc., 12.000%, due 03/01/06 | 90,000 | 21,150 |
| Musicland Group, Inc., 9.000%, due 06/15/03 | 25,000 | 24,375 |
| Musicland Group, Inc., Series B, 9.875%, due 03/15/08 | 50,000 | 46,500 |
| Pathmark Stores, Inc., 11.625%, due 06/15/02 | 55,000 | 18,425 |
| Pathmark Stores, Inc., 9.625%, due 05/01/03 | 10,000 | 7,550 |
| | | <u>221,337</u> |
| Telecommunications – Equipment & Services—4.88% | | |
| DTI Holdings, Inc., Series B, Zero Coupon, Step-up, due 03/01/08† | 65,000 | 23,319 |
| Global Crossing Holdings, Ltd., 9.625%, due 05/15/08 | 50,000 | 50,250 |
| ITC^DeltaCom, Inc., 11.000%, due 06/01/07 | 95,000 | 100,700 |
| Level 3 Communications, Inc., 9.125%, due 05/01/08 | 105,000 | 99,488 |
| Metromedia Fiber Network, Inc., 10.000%, due 11/15/08 | 90,000 | 92,475 |
| NorthEast Optic Network, Inc., 12.750%, due 08/15/08 | 25,000 | 26,875 |
| Pagemart Wireless, Inc., Zero Coupon, Step-up, due 02/01/08† | 30,000 | 10,350 |
| Spectrasite Holdings, Inc., Zero Coupon, Step-up, due 07/15/08† | 25,000 | 15,062 |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|----------------|
| Telecommunications – Equipment & Services—Continued | | |
| Spectrasite Holdings, Inc., Zero Coupon, Step-up, due 04/15/09† | \$ 75,000 | \$ 40,312 |
| | | <u>458,831</u> |
| Telecommunications – Integrated—3.36% | | |
| Hyperion Telecommunications, Inc., 12.000%, due 11/01/07 | 75,000 | 80,250 |
| NEXTLINK Communications, Inc., 9.625%, due 10/01/07 | 30,000 | 29,400 |
| NEXTLINK Communications, Inc., 10.750%, due 06/01/09 | 95,000 | 98,088 |
| NTL, Inc., Series B, Zero Coupon, Step-up, due 04/01/08† | 155,000 | 107,725 |
| | | <u>315,463</u> |
| Telecommunications – Wireless—5.80% | | |
| American Cellular Corp., 10.500%, due 05/15/08 | 50,000 | 55,625 |
| AMSC Acquisition Co., Inc., Series B, 12.250%, due 04/01/08 | 35,000 | 27,519 |
| Centennial Cellular Corp., 10.750%, due 12/15/08 | 75,000 | 80,625 |
| Crown Castle International Corp., 9.000%, due 05/15/11 | 50,000 | 49,063 |
| Nextel Communications, Inc., Zero Coupon, Step-up, due 10/31/07† | 50,000 | 36,000 |
| Nextel Communications, Inc., Zero Coupon, Step-up, due 02/15/08† | 135,000 | 95,175 |

†Non-income producing security.

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|----------------|
| Telecommunications – Wireless—Continued | | |
| Nextel International, Inc., Zero Coupon, Step-up, due 04/15/08† | \$ 70,000 | \$ 41,650 |
| Rural Cellular Corp., Series B, 9.625%, due 05/15/08 | 65,000 | 66,787 |
| Triton PCS, Inc., Zero Coupon, Step-up, due 05/01/08† | 35,000 | 24,937 |
| US Unwired, Inc., Series 144A, Zero Coupon, Step-up, due 11/01/09† | 25,000 | 14,750 |
| Western Wireless Corp., 10.500%, due 02/01/07 | 50,000 | 52,750 |
| | | <u>544,881</u> |
| Telecommunications – Wireline—5.87% | | |
| Allegiance Telecom, Inc., Series B, Zero Coupon, Step-up, due 02/15/08† | 75,000 | 54,000 |
| Allegiance Telecom, Inc., 12.875%, due 05/15/08 | 85,000 | 94,881 |
| General Communication, Inc., 9.750%, due 08/01/07 | 65,000 | 60,775 |
| ICG Holdings, Inc., Zero Coupon, Step-up, due 05/01/06† | 115,000 | 86,538 |
| MJD Communications, Inc., Series B, 9.500%, due 05/01/08 | 45,000 | 42,750 |
| Time Warner Telecom, LLC, 9.750%, due 07/15/08 | 100,000 | 103,500 |
| Viatel, Inc., Zero Coupon, Step-up, due 04/15/08† | 85,000 | 54,400 |
| Viatel, Inc., 11.250%, due 04/15/08 | 55,000 | 54,862 |
| | | <u>551,706</u> |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

CORPORATE BONDS—CONTINUED

| Company | Principal Value | Market Value |
|---|-----------------|------------------|
| Textiles & Apparel—0.58% | | |
| J. Crew Group, Series B, Zero Coupon, Step-up, due 10/15/08† | \$ 15,000 | \$ 7,575 |
| J. Crew Operating Corp., 10.375%, due 10/15/07 | 55,000 | 47,025 |
| | | <u>54,600</u> |
| Transportation—0.54% | | |
| Johnstown America Industries, Inc., 11.750%, due 08/15/05 | 25,000 | 25,562 |
| Johnstown America Industries, Inc., Series C, 11.750%, 08/15/05 | 25,000 | 25,563 |
| | | <u>51,125</u> |
| TOTAL CORPORATE BONDS (Cost \$8,317,643) | | <u>7,748,565</u> |

FOREIGN BONDS—16.69%

| Company | Principal Value | Market Value |
|---|-----------------|---------------|
| Aerospace & Defense—0.51% | | |
| Satelites Mexicanos, S.A., de CV, Series B, 10.125%, due 11/01/04 | \$ 70,000 | \$ 47,775 |
| | | <u>47,775</u> |
| Broadcasting—2.16% | | |
| TeleWest Communications, PLC, 9.625%, due 10/01/06 | 100,000 | 101,500 |
| †Non-income producing security. | | |

FOREIGN BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|----------------|
| Broadcasting—Continued | | |
| United Pan-Europe Communications, N.V., Series B, 10.875%, due 08/01/09 | \$ 100,000 | \$ 101,750 |
| | | <u>203,250</u> |
| Chemicals—0.58% | | |
| PCI Chemicals Canada, Inc., 9.250%, due 10/15/07 | 70,000 | 54,250 |
| | | <u>54,250</u> |
| Financial Services—1.14% | | |
| Ono Finance, PLC, 13.000%, due 05/01/09 | 105,000 | 107,625 |
| | | <u>107,625</u> |
| Insurance—0.80% | | |
| Willis Corroon Corp., 9.000%, due 02/01/09 | 90,000 | 75,375 |
| | | <u>75,375</u> |
| Internet Services—0.23% | | |
| Dialog Corp., PLC, Series A, 11.000%, due 11/15/07 | 45,000 | 21,825 |
| | | <u>21,825</u> |
| Lodging—0.53% | | |
| Prime Hospitality Corp., Series B, 9.750%, due 04/01/07 | 50,000 | 49,750 |
| | | <u>49,750</u> |
| Mining & Metals – Ferrous & Nonferrous—0.73% | | |
| Algoma Steel, Inc., 12.375%, due 07/15/05 | 45,000 | 42,525 |
| Russel Metals, Inc., 10.000%, due 06/01/09 | 25,000 | 25,969 |
| | | <u>68,494</u> |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

FOREIGN BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|----------------|
| Telecommunications – Equipment & Services–0.61% | | |
| Energis, PLC, 9.750%, due 06/15/09 | \$ 55,000 | \$ 57,200 |
| | | <u>57,200</u> |
| Telecommunications – Integrated–0.38% | | |
| Jazztel, PLC, 14.000%, due 04/01/09 | 35,000 | 36,137 |
| | | <u>36,137</u> |
| Telecommunications – Wireless–2.29% | | |
| Clearnet Communications, Inc., Zero Coupon, Step-up, due 12/15/05† | 25,000 | 24,656 |
| Dolphin Telecom, PLC, Zero Coupon, Step-up, due 06/01/08† | 100,000 | 50,500 |
| Dolphin Telecom, PLC, Series B, Zero Coupon, Step-up, due 05/15/09† | 25,000 | 11,875 |
| Millicom International Cellular, S.A., Zero Coupon, Step-up, due 06/01/06† | 110,000 | 88,550 |
| PTC International Finance II, SA, Series 144A, 11.250%, due 02/01/09 | 40,000 | 39,400 |
| | | <u>214,981</u> |
| Telecommunications – Wireline–6.73% | | |
| Colt Telecom Group, PLC, Zero Coupon, Step-up, due 12/15/06† | 135,000 | 116,775 |
| Completel Europe, N.V., Series B, Zero Coupon, Step-up, due 02/15/09† | 50,000 | 29,750 |

†Non-income producing security.

FOREIGN BONDS—CONTINUED

| Company | Principal Value | Market Value |
|--|-----------------|------------------|
| Telecommunications – Wireline—Continued | | |
| Esat Telecom Group, PLC, Series B, 11.875%, due 12/01/08 | \$ 100,000 | \$ 112,000 |
| Esprit Telecom Group, PLC, 10.875%, due 06/15/08 | 50,000 | 49,750 |
| GlobeNet Communications Group Ltd., Series 144A, 13.000%, due 07/15/07 | 40,000 | 40,950 |
| Hermes Europe Railtel, B.V., 10.375%, due 01/15/09 | 75,000 | 74,438 |
| MetroNet Communications Corp., Zero Coupon, Step-up, due 11/01/07† | 25,000 | 20,875 |
| Tele1 Europe, B.V., 13.000%, due 05/15/09 | 50,000 | 51,000 |
| Versatel Telecom, B.V., 13.250%, due 05/15/08 | 80,000 | 85,600 |
| Worldwide Fiber, Inc., Series 144A, 12.000%, due 08/01/09 | 50,000 | 51,750 |
| | | <u>632,888</u> |
| TOTAL FOREIGN BONDS (Cost \$1,637,247) | | <u>1,569,550</u> |

RIGHTS AND WARRANTS—0.99%

| Company | Shares | Market Value |
|---|--------|---------------|
| Broadcasting–0.14% | | |
| Ono Finance, PLC, Equity Value Certificate, exp. 05/31/09† | 105 | \$ 13,072 |
| | | <u>13,072</u> |
| Telecommunications – Equipment & Services–0.00% | | |
| DTI Holdings, Inc., Series 144A, Warrants, exp. 03/01/08† | 325 | 39 |
| | | <u>39</u> |

See notes to financial statements.

HIGH YIELD BOND PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999—CONTINUED

| RIGHTS AND WARRANTS—CONTINUED | | |
|--|----------------|--------------------|
| Company | Shares | Market Value |
| Telecommunications – Integrated–0.35% | | |
| Jazztel, PLC, Warrants, exp. 04/01/09† | 175 | \$ 32,813 |
| | | <u>32,813</u> |
| Telecommunications – Wireless–0.01% | | |
| American Mobile Satellite Corp., Series 144A, Warrants, exp. 04/01/08† | 35 | 1,404 |
| | | <u>1,404</u> |
| Telecommunications – Wireline–0.49% | | |
| Allegiance Telecom, Inc., Warrants, exp. 02/03/08† | 100 | 9,513 |
| Versatel Telecom, B.V., Series 144A, Warrants, exp. 05/15/08† | 80 | 36,450 |
| | | <u>45,963</u> |
| TOTAL RIGHTS AND WARRANTS (Cost \$2,700) | | <u>93,291</u> |
| TOTAL INVESTMENTS (Cost \$10,143,659) | 102.41% | 9,628,821 |
| Other assets, less liabilities | <u>(2.41)</u> | <u>(227,007)</u> |
| TOTAL NET ASSETS | <u>100.00%</u> | <u>\$9,401,814</u> |

†Non-income producing security.

See notes to financial statements.

MONEY MARKET PORTFOLIO

“We continue to limit the Portfolio’s investments to securities issued or guaranteed by the U.S. Treasury, agencies, or instrumentalities of the U.S. government, as well as to the highest quality corporate and bank issues, in order to provide maximum security against credit risk.”

—Jean O. Alessandro, Portfolio Manager—

INCEPTION DATE

August 1, 1985

FUND MANAGER

Massachusetts Financial Services Company

INVESTMENT OBJECTIVE AND STRATEGY

To achieve the highest possible current income, consistent with preservation of capital and maintenance of liquidity.

NET ASSETS AS OF 12/31/99

\$36,381,953

NUMBER OF HOLDINGS

27

DOLLAR WEIGHTED AVERAGE MATURITY

30.2 days

IN THIS SECTION

Portfolio Facts

Portfolio
Composition

Financial Highlights

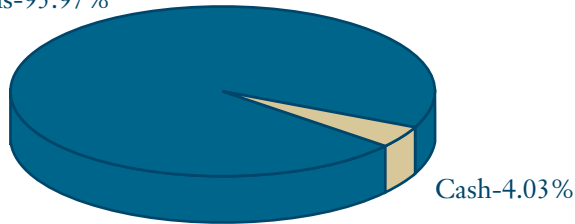
Schedule of
Portfolio Investments

JEAN O. ALESSANDRO

- Joined MFS in 1986
- Assistant Vice President of MFS Investment Management
- Bachelors degree from the University of Connecticut

MONEY MARKET PORTFOLIO

Short-Term
Obligations-95.97%



portfolio of three 0.25% interest-rate increases on June 30, 1999. Essentially, these three rate hikes reversed the effects of the three reductions in the federal funds target rate - the rate at which banks may lend overnight funds to each other - in the fall of 1998. In response to Fed rate hikes, interest rates on short-term (90 day) securities increased approximately 100 basis points (1.0%) during the past year. The federal funds rate, which began 1999 at 4.75%, ended the period at 5.50%. Because of the Fed's bias toward increasing rates, we've targeted 35 days for the average maturity of the Portfolio's holdings.

We continue to limit the Portfolio's investments to securities issued or guaranteed by the U.S. Treasury, agencies, or instrumentalities of the U.S. government, as well as to the highest quality corporate and bank issues, in order to provide maximum security against credit risk. On December 31, 1999, all of the Portfolio was invested in U.S. government or government-guaranteed issues.

| PORTFOLIO QUALITY | PERCENT OF PORTFOLIO† |
|-------------------|-----------------------|
| AAA | 100.00% |

†Represents market value of investments plus cash.

The JPVF Money Market Portfolio seeks as high a level of current income as is considered consistent with the preservation of capital and liquidity by investing in short-term money market securities issued or guaranteed by the U.S. Treasury, its agencies, or instrumentalities of the U.S. government, as well as in the highest-quality corporate and bank issues, in order to minimize credit risk.

As the Federal Reserve Board (the Fed) became nervous about inflationary forces picking up steam due to the strength of the U.S. economy and the global recovery, the Fed began its first in a

MONEY MARKET PORTFOLIO

FOR A SHARE OUTSTANDING THROUGHOUT THE YEAR

FINANCIAL HIGHLIGHTS

| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1997 | Year Ended December 31, 1996 | Year Ended December 31, 1995 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Net asset value, beginning of year | \$ 10.37 | \$ 10.23 | \$ 10.25 | \$ 10.27 | \$ 10.25 |
| Income From Investment Operations | | | | | |
| Net investment income | 0.44 | 0.35 | 0.52 | 0.50 | 0.50 |
| Net gains and losses on securities (both realized and unrealized) | <u>0.04</u> | <u>0.14</u> | <u>(0.02)</u> | <u>(0.02)</u> | <u>0.02</u> |
| Total from investment operations | 0.48 | 0.49 | 0.50 | 0.48 | 0.52 |
| Less Distributions to Shareholders | | | | | |
| Dividends from net investment income | | (0.35) | (0.52) | (0.50) | (0.50) |
| Dividends in excess of net investment income | | | | | |
| Distributions from capital gains | | | | | |
| Distributions in excess of capital gains | | | | | |
| Returns of capital | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total distributions | 0.00 | (0.35) | (0.52) | (0.50) | (0.50) |
| Net asset value, end of year | <u>\$ 10.85</u> | <u>\$ 10.37</u> | <u>\$ 10.23</u> | <u>\$ 10.25</u> | <u>\$ 10.27</u> |
| Total Return (A) | 4.57% | 4.86% | 4.86% | 4.65% | 5.06% |
| Ratios to Average Net Assets: | | | | | |
| Expenses | 0.60% | 0.64% | 0.60% | 0.62% | 0.63% |
| Net investment income | 4.46% | 4.74% | 4.74% | 4.54% | 4.89% |
| Portfolio Turnover Rate (B) | N/A | N/A | N/A | N/A | N/A |
| Net Assets, At End of Year | \$36,381,953 | \$24,416,645 | \$9,435,454 | \$7,896,257 | \$8,312,676 |

(A) Total return assumes reinvestment of all dividends during the year and does not reflect deduction of account fees and charges that apply to the separate account or related insurance policies. Investment returns and principal values will fluctuate and shares, when redeemed, may be worth more or less than the original cost.

(B) There were no purchases and/or sales of securities other than short term obligations during the year. Therefore, the portfolio turnover rate has not been calculated.

MONEY MARKET PORTFOLIO

SCHEDULE OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 1999

| SHORT-TERM OBLIGATIONS—96.01% | | |
|---|-----------------|--------------|
| Company | Principal Value | Market Value |
| Government Agency—96.01% | | |
| Federal Agricultural Mortgage Corp., 5.530%, due 01/20/00 | \$1,000,000 | \$ 997,081 |
| Federal Agricultural Mortgage Corp., 5.610%, due 01/21/00 | 1,600,000 | 1,595,013 |
| Federal Agricultural Mortgage Corp., 5.600%, due 02/01/00 | 3,200,000 | 3,184,569 |
| Federal Farm Credit Bank, 5.580%, due 01/11/00 | 1,600,000 | 1,597,520 |
| Federal Farm Credit Bank, 5.610%, due 01/24/00 | 500,000 | 498,208 |
| Federal Farm Credit Bank, 5.610%, due 01/27/00 | 1,000,000 | 995,948 |
| Federal Farm Credit Bank, 5.750%, due 02/22/00 | 1,000,000 | 991,694 |
| Federal Home Loan Bank, 5.720%, due 01/12/00 | 1,200,000 | 1,197,903 |
| Federal Home Loan Bank, 5.580%, due 01/14/00 | 1,600,000 | 1,596,776 |
| Federal Home Loan Bank, 5.510%, due 01/19/00 | 1,000,000 | 997,245 |
| Federal Home Loan Bank, 5.600%, due 02/02/00 | 1,216,000 | 1,209,947 |
| Federal Home Loan Bank, 5.590%, due 02/04/00 | 1,700,000 | 1,691,025 |
| Federal Home Loan Bank, 5.600%, due 02/09/00 | 1,200,000 | 1,192,720 |
| Federal Home Loan Bank, 5.650%, due 02/11/00 | 1,400,000 | 1,390,991 |
| Federal Home Loan Mortgage Corp., 5.600%, due 01/13/00 | 950,000 | 948,220 |
| Federal Home Loan Mortgage Corp., 5.760%, due 01/25/00 | 1,000,000 | 996,160 |
| †Non-income producing security. | | |

| SHORT-TERM OBLIGATIONS—CONTINUED | | |
|---|-----------------|---------------------|
| Company | Principal Value | Market Value |
| Government Agency—Continued | | |
| Federal Home Loan Mortgage Corp., 5.750%, due 01/27/00 | \$ 580,000 | \$ 577,591 |
| Federal Home Loan Mortgage Corp., 5.750%, due 02/08/00 | 1,950,000 | 1,938,165 |
| Federal Home Loan Mortgage Corp., 5.600%, due 02/15/00 | 1,500,000 | 1,489,500 |
| Federal National Mortgage Association, 5.600%, due 01/18/00 | 1,000,000 | 997,356 |
| Federal National Mortgage Association, 4.750%, due 01/19/00 | 500,000 | 498,813 |
| Federal National Mortgage Association, 5.570%, due 01/26/00 | 1,200,000 | 1,195,358 |
| Federal National Mortgage Association, 5.600%, due 02/03/00 | 1,800,000 | 1,790,760 |
| Federal National Mortgage Association, 5.750%, due 03/02/00 | 1,900,000 | 1,882,811 |
| Tennessee Valley Authority, 5.460%, due 01/28/00 | 1,500,000 | 1,493,858 |
| Tennessee Valley Authority, 5.510%, due 02/17/00 | 1,200,000 | 1,191,368 |
| Tennessee Valley Authority, 5.520%, due 02/24/00 | 800,000 | 793,376 |
| TOTAL SHORT-TERM OBLIGATIONS (Cost \$34,928,654) | | <u>34,929,976</u> |
| TOTAL INVESTMENTS (Cost \$34,928,654) | | 96.01% 34,929,976 |
| Other assets, less liabilities | 3.99 | <u>1,451,977</u> |
| TOTAL NET ASSETS | <u>100.00%</u> | <u>\$36,381,953</u> |

See notes to financial statements.

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STATEMENT OF ASSETS AND LIABILITIES

December 31, 1999

| | International Equity Portfolio | World Growth Stock Portfolio | Global Hard Assets Portfolio | Emerging Growth Portfolio |
|--|--------------------------------------|------------------------------------|------------------------------------|---------------------------------|
| Assets | | | | |
| Investments, at cost-see accompanying portfolios | <u>\$27,331,034</u> | <u>\$ 97,576,064</u> | <u>\$ 5,400,920</u> | <u>\$ 98,844,155</u> |
| Investments, at market value (Notes B and C) | \$34,478,463 | \$128,753,822 | \$ 5,512,452 | \$188,937,027 |
| Cash | 1,266,421 | 3,924,711 | | 1,133,604 |
| Accrued investment income | 33,822 | 440,138 | 9,888 | 12,259 |
| Receivable for portfolio securities sold | | | 32,460 | 1,381,898 |
| Other assets | | | <u>3,367</u> | |
| Total Assets | <u>35,778,706</u> | <u>133,118,671</u> | <u>5,558,167</u> | <u>191,464,788</u> |
| Liabilities | | | | |
| Amounts owed to banks | | | 29,383 | |
| Dividends payable | | | | |
| Payable for portfolio securities purchased | 104,978 | | | 1,866,479 |
| Payable for foreign forward contracts | | | | 278 |
| Accrued investment advisory fees (Note D) | 29,230 | 81,393 | | 109,414 |
| Accrued expenses | 4,117 | 10,270 | 691 | 15,669 |
| Other liabilities | | | <u>3,367</u> | |
| Total Liabilities | <u>138,325</u> | <u>91,663</u> | <u>33,441</u> | <u>1,991,840</u> |
| NET ASSETS | <u>\$35,640,381</u> | <u>\$133,027,008</u> | <u>\$ 5,524,726</u> | <u>\$189,472,948</u> |
| Net Assets Consist of: | | | | |
| Par value | \$ 22,179 | \$ 51,015 | \$ 6,145 | \$ 46,583 |
| Capital paid in | 25,725,340 | 98,223,748 | 9,166,527 | 80,905,711 |
| Undistributed net investment income (loss) | (26,119) | 1,618,332 | 68,445 | (36,433) |
| Accumulated net realized gain (loss) | 2,771,756 | 1,975,834 | (3,827,914) | 18,461,868 |
| Net unrealized gain (loss) on investments | 7,147,429 | 31,177,758 | 111,532 | 90,092,872 |
| Net unrealized gain (loss) on translation of assets and liabilities in foreign currency | <u>(204)</u> | <u>(19,679)</u> | <u>(9)</u> | <u>2,347</u> |
| NET ASSETS | <u>\$35,640,381</u> | <u>\$133,027,008</u> | <u>\$ 5,524,726</u> | <u>\$189,472,948</u> |
| Shares of common stock outstanding (\$0.01 par value, 1,000,000,000 shares authorized) | <u>2,217,906</u> | <u>5,101,478</u> | <u>614,477</u> | <u>4,658,279</u> |
| Net asset value, offering & redemption price per share | <u>\$ 16.07</u> | <u>\$ 26.08</u> | <u>\$ 8.99</u> | <u>\$ 40.67</u> |

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

| Capital Growth Portfolio | Small Company Portfolio | Growth Portfolio | Growth and Income Portfolio | Balanced Portfolio | High Yield Bond Portfolio | Money Market Portfolio |
|--------------------------------|-------------------------------|---------------------|-----------------------------------|-----------------------|---------------------------------|------------------------------|
| <u>\$201,232,568</u> | <u>\$75,891,216</u> | <u>\$27,558,791</u> | <u>\$67,451,255</u> | <u>\$ 43,840,105</u> | <u>\$10,143,659</u> | <u>\$34,928,654</u> |
| \$358,049,144 | \$87,976,542 | \$42,076,584 | \$70,238,257 | \$ 51,333,001 | \$ 9,628,821 | \$34,929,976 |
| 8,018,708 | 2,123,351 | 3,421,381 | 6,237,367 | 1,879,168 | 346,956 | 1,468,112 |
| 83,905 | 10,090 | 13,149 | 98,625 | 455,405 | 207,476 | 393 |
| | 7,423,391 | 1,034,593 | | 10,984 | | |
| <u>366,151,757</u> | <u>97,533,374</u> | <u>46,545,707</u> | <u>76,574,249</u> | <u>53,678,558</u> | <u>10,183,253</u> | <u>36,398,481</u> |
| | | | | | 771,551 | |
| | 4,480,293 | 2,182,768 | 97,260 | 323,076 | | |
| 271,132 | 55,216 | 23,931 | 47,845 | 37,054 | 6,592 | 14,623 |
| 16,226 | 6,326 | 4,788 | 4,970 | 5,010 | 3,296 | 1,905 |
| <u>287,358</u> | <u>4,541,835</u> | <u>2,211,487</u> | <u>150,075</u> | <u>365,140</u> | <u>781,439</u> | <u>16,528</u> |
| <u>\$365,864,399</u> | <u>\$92,991,539</u> | <u>\$44,334,220</u> | <u>\$76,424,174</u> | <u>\$ 53,313,418</u> | <u>\$ 9,401,814</u> | <u>\$36,381,953</u> |
| \$ 93,178 | \$ 51,506 | \$ 18,964 | \$ 38,092 | \$ 34,912 | \$ 10,233 | \$ 33,543 |
| 191,450,121 | 84,806,903 | 25,383,231 | 65,011,509 | 41,745,445 | 10,333,241 | 34,889,029 |
| | 1,579 | | 648,155 | 1,087,641 | | 1,459,257 |
| 17,504,524 | (3,953,775) | 4,414,232 | 7,939,416 | 2,950,321 | (426,822) | (1,198) |
| 156,816,576 | 12,085,326 | 14,517,793 | 2,787,002 | 7,492,896 | (514,838) | 1,322 |
| | | | | 2,203 | | |
| <u>\$365,864,399</u> | <u>\$92,991,539</u> | <u>\$44,334,220</u> | <u>\$76,424,174</u> | <u>\$ 53,313,418</u> | <u>\$ 9,401,814</u> | <u>\$36,381,953</u> |
| <u>9,317,825</u> | <u>5,150,600</u> | <u>1,896,439</u> | <u>3,809,181</u> | <u>3,491,224</u> | <u>1,023,267</u> | <u>3,354,278</u> |
| <u>\$ 39.27</u> | <u>\$ 18.05</u> | <u>\$ 23.38</u> | <u>\$ 20.06</u> | <u>\$ 15.27</u> | <u>\$ 9.19</u> | <u>\$ 10.85</u> |

STATEMENT OF OPERATIONS

For the Year Ended December 31, 1999

| | International Equity Portfolio | World Growth Stock Portfolio | Global Hard Assets Portfolio | Emerging Growth Portfolio |
|---|---|---|---|--|
| Investment Income | | | | |
| Income: | | | | |
| Interest | \$ 39,262 | \$ 88,652 | \$ 32,588 | \$ 442,721 |
| Dividends | 285,578 | 3,324,842 | 126,108 | 144,042 |
| Foreign taxes withheld | <u>(24,806)</u> | <u>(218,919)</u> | <u>(3,439)</u> | <u>(2,557)</u> |
| Total investment income | <u>300,034</u> | <u>3,194,575</u> | <u>155,257</u> | <u>584,206</u> |
| Expenses: | | | | |
| Advisory fees (Note D) | 249,980 | 919,553 | 43,586 | 912,526 |
| Custodian fees | 36,725 | 49,713 | 14,266 | 56,381 |
| Shareholder reports | 12,495 | 61,045 | 2,904 | 56,600 |
| Professional fees | 3,392 | 18,815 | 823 | 16,674 |
| Insurance expense | 281 | 1,428 | 66 | 1,303 |
| Directors fees | 711 | 3,564 | 167 | 3,271 |
| Security valuation | 7,910 | 13,832 | 5,616 | 15,403 |
| Miscellaneous expenses | <u>1,456</u> | <u>7,403</u> | <u>343</u> | <u>6,751</u> |
| Total expenses | <u>312,950</u> | <u>1,075,353</u> | <u>67,771</u> | <u>1,068,909</u> |
| Net investment income (loss) | <u>(12,916)</u> | <u>2,119,222</u> | <u>87,486</u> | <u>(484,703)</u> |
| Realized and Unrealized Gain (Loss) on Investments and Foreign Currency | | | | |
| Net realized gain (loss) on investments | 2,863,886 | 2,002,877 | (106,911) | 19,583,258 |
| Net realized gain (loss) from foreign currency transactions | <u>(41,980)</u> | <u>(65,980)</u> | <u>(8,795)</u> | <u>(53,344)</u> |
| Net unrealized gain (loss) on investments | 5,181,215 | 19,470,411 | 758,154 | 60,477,704 |
| Net unrealized gain (loss) on translation of assets and liabilities in foreign currency | <u>41,176</u> | <u>(25,501)</u> | <u>338</u> | <u>2,366</u> |
| Net realized and unrealized gain (loss) on investments and foreign currency | <u>8,044,297</u> | <u>21,381,807</u> | <u>642,786</u> | <u>80,009,984</u> |
| Net increase in net assets resulting from operations | <u><u>\$8,031,381</u></u> | <u><u>\$23,501,029</u></u> | <u><u>\$730,272</u></u> | <u><u>\$79,525,281</u></u> |

See notes to financial statements.

STATEMENT OF OPERATIONS

| Capital Growth Portfolio | Small Company Portfolio | Growth Portfolio | Growth and Income Portfolio | Balanced Portfolio | High Yield Bond Portfolio | Money Market Portfolio |
|--------------------------------|-------------------------------|---------------------|-----------------------------------|-----------------------|---------------------------------|------------------------------|
| \$ 350,782 | \$ 157,228 | \$ 56,682 | \$ 254,773 | \$1,195,477 | \$ 879,565 | \$1,654,371 |
| 1,282,119 | 418,947 | 26,745 | 1,037,445 | 318,749 | 9,246 | |
| <u>(16,734)</u> | | | <u>(23,621)</u> | <u>(3,028)</u> | | |
| 1,616,167 | 576,175 | 83,427 | 1,268,597 | 1,511,198 | 888,811 | 1,654,371 |
| 2,512,072 | 597,475 | 149,393 | 548,232 | 358,451 | 76,391 | 163,608 |
| 4,473 | 10,512 | 22,120 | 11,066 | 12,881 | 11,830 | 4,373 |
| 131,254 | 53,085 | 9,917 | 36,667 | 32,990 | 5,079 | 16,278 |
| 36,975 | 11,676 | 2,525 | 10,665 | 7,126 | 1,485 | 4,771 |
| 3,020 | 931 | 219 | 850 | 504 | 118 | 381 |
| 7,580 | 2,320 | 558 | 2,121 | 1,263 | 295 | 949 |
| 2,180 | 5,652 | 5,937 | 4,387 | 7,181 | 21,424 | 2,784 |
| <u>15,652</u> | <u>4,827</u> | <u>1,137</u> | <u>4,403</u> | <u>2,614</u> | <u>613</u> | <u>1,970</u> |
| 2,713,206 | 686,478 | 191,806 | 618,391 | 423,010 | 117,235 | 195,114 |
| <u>(1,097,039)</u> | <u>(110,303)</u> | <u>(108,379)</u> | <u>650,206</u> | <u>1,088,188</u> | <u>771,576</u> | <u>1,459,257</u> |
| 17,603,105 | (4,075,104) | 4,619,061 | 7,959,217 | 3,234,523 | (240,738) | (307) |
| | | | | 7,471 | (25) | |
| 90,958,724 | 15,549,849 | 12,117,757 | (4,805,279) | 5,096,361 | (94,693) | 3,884 |
| <u>(74)</u> | | | | <u>(4,667)</u> | | |
| 108,561,755 | 11,474,745 | 16,736,818 | 3,153,938 | 8,333,688 | (335,456) | 3,577 |
| <u>\$107,464,716</u> | <u>\$11,364,442</u> | <u>\$16,628,439</u> | <u>\$ 3,804,144</u> | <u>\$9,421,876</u> | <u>\$ 436,120</u> | <u>\$1,462,834</u> |

STATEMENT OF CHANGES IN NET ASSETS

| | International Equity Portfolio | | World Growth Stock Portfolio | | Global Hard Assets Portfolio | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1999 | Year Ended December 31, 1998 |
| Increase (decrease) in net assets: | | | | | | |
| Net investment income (loss) | \$ (12,916) | \$ 3,547 | \$ 2,119,222 | \$ 2,975,735 | \$ 87,486 | \$ 104,164 |
| Net realized gain (loss) on security transactions | 2,863,886 | 89,758 | 2,002,877 | 8,469,883 | (106,911) | (3,440,007) |
| Net realized gain (loss) from foreign currency transactions | (41,980) | (156,658) | (65,980) | (175,497) | (8,795) | (10,261) |
| Net unrealized gain (loss) on investments | 5,181,215 | 1,966,214 | 19,470,411 | (7,851,427) | 758,154 | 2,712,585 |
| Net unrealized gain (loss) on translation of assets and liabilities in foreign currency | <u>41,176</u> | <u>(41,380)</u> | <u>(25,501)</u> | <u>12,664</u> | <u>338</u> | <u>(347)</u> |
| Net increase in net assets resulting from operations | 8,031,381 | 1,861,481 | 23,501,029 | 3,431,358 | 730,272 | (633,866) |
| Distribution to shareholders from net investment income | | | (369,547) | (2,384,505) | (5,738) | (72,099) |
| Distribution to shareholders from capital gains | | (56,828) | (1,361,644) | (8,089,550) | | |
| Distribution to shareholders in excess of capital gains | | | | | | |
| Increase in net assets derived from shareholder transactions (Note E) | <u>11,032,719</u> | <u>14,771,618</u> | <u>359,867</u> | <u>12,372,497</u> | <u>466,529</u> | <u>(165,026)</u> |
| Net increase in net assets | 19,064,100 | 16,576,271 | 22,129,705 | 5,329,800 | 1,191,063 | (870,991) |
| NET ASSETS: | | | | | | |
| Beginning of Year | <u>16,576,281</u> | <u>10</u> | <u>110,897,303</u> | <u>105,567,503</u> | <u>4,333,663</u> | <u>5,204,654</u> |
| End of Year | <u>\$35,640,381</u> | <u>\$16,576,281</u> | <u>\$133,027,008</u> | <u>\$110,897,303</u> | <u>\$5,524,726</u> | <u>\$4,333,663</u> |
| Undistributed net investment income (loss) | <u>\$ (26,119)</u> | <u>0</u> | <u>\$ 1,618,332</u> | <u>\$ (92,406)</u> | <u>\$ 68,445</u> | <u>\$ (4,400)</u> |

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

| Emerging Growth Portfolio | | Capital Growth Portfolio | | Small Company Portfolio | |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1999 | Year Ended December 31, 1998 |
| \$ (484,703) | \$ (445,035) | \$ (1,097,039) | \$ (629,314) | \$ (110,303) | \$ 1,082,537 |
| 19,583,258 | 258,669 | 17,603,105 | 16,589,924 | (4,075,104) | 8,755,432 |
| (53,344) | (3,643) | | (266) | | |
| 60,477,704 | 22,327,253 | 90,958,724 | 37,765,178 | 15,549,849 | (20,518,258) |
| 2,366 | (19) | (74) | 112 | | |
| 79,525,281 | 22,137,225 | 107,464,716 | 53,725,634 | 11,364,442 | (10,680,289) |
| | (258,669) | (6,500,203) | (10,537,442) | (104,318) | (902,706) |
| | (422,623) | | | (1,941,991) | (7,789,869) |
| 14,152,290 | 18,110,269 | 66,897,435 | 30,690,264 | 5,329,758 | 16,211,405 |
| 93,677,571 | 39,566,202 | 167,861,948 | 73,878,456 | 14,647,891 | (3,161,459) |
| 95,795,377 | 56,229,175 | 198,002,451 | 124,123,995 | 78,343,648 | 81,505,107 |
| <u>\$189,472,948</u> | <u>\$95,795,377</u> | <u>\$365,864,399</u> | <u>\$198,002,451</u> | <u>\$92,991,539</u> | <u>\$ 78,343,648</u> |
| <u>\$ (36,433)</u> | <u>\$ (21)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,579</u> | <u>\$ 205,245</u> |

STATEMENT OF CHANGES IN NET ASSETS

| | Growth Portfolio | | Growth and Income Portfolio | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1999 | Year Ended December 31, 1998 |
| Increase (decrease) in net assets: | | | | |
| Net investment income (loss) | \$ (108,379) | \$ (39,937) | \$ 650,206 | \$ 507,944 |
| Net realized gain (loss) on security transactions | 4,619,061 | 109,231 | 7,959,217 | 669,425 |
| Net realized gain (loss) from foreign currency transactions | | | | |
| Net unrealized gain (loss) on investments | 12,117,757 | 2,400,036 | (4,805,279) | 5,278,331 |
| Net unrealized gain (loss) on translation of assets and liabilities in foreign currency | | | | |
| Net increase in net assets resulting from operations | 16,628,439 | 2,469,330 | 3,804,144 | 6,455,700 |
| Distribution to shareholders from net investment income | | | | (507,944) |
| Distribution to shareholders from capital gains | (165,744) | | (517,197) | |
| Increase in net assets derived from shareholder transactions (Note E) | <u>16,327,783</u> | <u>9,074,402</u> | <u>7,827,697</u> | <u>19,683,698</u> |
| Net increase in net assets | 32,790,478 | 11,543,732 | 11,114,644 | 25,631,454 |
| NET ASSETS: | | | | |
| Beginning of Year | <u>11,543,742</u> | <u>10</u> | <u>65,309,530</u> | <u>39,678,076</u> |
| End of Year | <u>\$44,334,220</u> | <u>\$11,543,742</u> | <u>\$76,424,174</u> | <u>\$65,309,530</u> |
| Undistributed net investment income (loss) | <u>\$ 0</u> | <u>\$ (39,937)</u> | <u>\$ 648,155</u> | <u>\$ 1,606</u> |

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

| Balanced Portfolio | | High Yield Bond Portfolio | | Money Market Portfolio | |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1999 | Year Ended December 31, 1998 | Year Ended December 31, 1999 | Year Ended December 31, 1998 |
| \$ 1,088,188 | \$ 653,714 | \$ 771,576 | \$ 505,196 | \$ 1,459,257 | \$ 825,203 |
| 3,234,523 | 2,873,015 | (240,738) | (186,084) | (307) | 17 |
| 7,471 | (987) | (25) | | | |
| 5,096,361 | 1,776,147 | (94,693) | (420,145) | 3,884 | (2,562) |
| <u>(4,667)</u> | <u>6,870</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 9,421,876 | 5,308,759 | 436,120 | (101,033) | 1,462,834 | 822,658 |
| (7,596) | (651,185) | (771,551) | (505,196) | | (825,203) |
| (703,150) | (2,438,951) | | | | |
| <u>9,488,534</u> | <u>10,257,554</u> | <u>1,768,402</u> | <u>8,575,062</u> | <u>10,502,474</u> | <u>14,983,736</u> |
| 18,199,664 | 12,476,177 | 1,432,971 | 7,968,833 | 11,965,308 | 14,981,191 |
| <u>35,113,754</u> | <u>22,637,577</u> | <u>7,968,843</u> | <u>10</u> | <u>24,416,645</u> | <u>9,435,454</u> |
| <u>\$53,313,418</u> | <u>\$35,113,754</u> | <u>\$9,401,814</u> | <u>\$7,968,843</u> | <u>\$36,381,953</u> | <u>\$24,416,645</u> |
| <u>\$ 1,087,641</u> | <u>\$ 705</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,459,257</u> | <u>\$ 0</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE A—ORGANIZATION

Jefferson Pilot Variable Fund, Inc. (the “Company”) is a diversified open-end series management investment company registered under the Investment Company Act of 1940, as amended. The Company was incorporated under the laws of the State of Maryland on October 19, 1984 for the purpose of funding Flexible Premium Variable Life Insurance Policies and variable annuity contracts issued by Jefferson Pilot Financial Insurance Company and its affiliates. The Company is composed of eleven separate portfolios (the “Portfolios”): the International Equity Portfolio, the World Growth Stock Portfolio, the Global Hard Assets Portfolio, the Emerging Growth Portfolio, the Capital Growth Portfolio, the Small Company Portfolio, the Growth Portfolio, the Growth and Income Portfolio, the Balanced Portfolio, the High Yield Bond Portfolio, and the Money Market Portfolio.

NOTE B—SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with generally accepted accounting principles which require management to make certain estimates and assumptions at the date of the financial statements. The following summarizes the significant accounting policies of the Company:

Valuation of Investments: Investment securities are valued at the closing sales price on the exchange on which such securities are principally traded; securities traded in the over-the-counter market and securities traded on a national exchange for which no sales took place on the day of valuation are valued at the mean of the bid and ask prices at the close of trading. Quotations for foreign securities are in United States dollars and, accordingly, unrealized gains and losses on these securities reflect all foreign exchange fluctuations. Restricted securities are valued at fair value as determined in good faith by the Board of Directors. Short-term debt instruments with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value.

Investment Security Transactions: Investment security transactions are recorded as of the trade date, the date the order to buy or sell is executed. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

Distributions to Shareholders: Distributions to shareholders from ordinary income and net realized capital gains are declared and distributed at least once annually. Distributions to shareholders are recorded on the ex-dividend date.

The Company distinguishes between dividends on a tax basis and a financial reporting basis and only distributions in excess of tax basis earnings and profits are reported in the financial statements as a return of capital. Differences in the recognition or classification of income between the financial statements and tax earnings and profits which result in temporary over-distributions for financial statement purposes are classified as dividends in excess of net investment income or accumulated net realized gains.

Foreign Currency Transactions: Certain Portfolios may engage in portfolio transactions that are denominated in foreign currency. All related receivables and payables are marked to market daily using appropriate foreign exchange rates.

NOTES TO FINANCIAL STATEMENTS

The Portfolios do not isolate the portion of the operating results due to changes in foreign exchange rates on investments from the fluctuations arising from changes in the market value of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign currency gains and losses arise from the fluctuation of exchange rates between trade date and settlement date on security transactions and from the difference between accrual date and payment date on accrued investment income. Net unrealized foreign exchange gains and losses are related to the fluctuation of exchange rates on the payables and receivables for securities and accrued investment income at December 31, 1999.

The Portfolios may enter into forward foreign currency contracts to protect securities and related receivables and payables against fluctuations in future foreign currency rates. A forward contract is an agreement to buy or sell currencies of different countries on a specified future date at a specified currency value relative to the U.S. dollar. The market value of the forward contract will fluctuate with changes in the currency exchange rates. Contracts are valued daily and the changes in the market values are recorded by the Portfolios as unrealized appreciation or depreciation of foreign currency translations. At December 31, 1999, the Emerging Growth Portfolio had the following open forward foreign currency contracts:

| Purchase Contracts | Settlement Date | Contracts to Receive | Cost | U.S. Dollar Value at 12/31/99 | Unrealized Appreciation (Depreciation) |
|----------------------------------|-----------------|----------------------|-----------|-------------------------------|--|
| Emerging Growth Portfolio | | | | | |
| Japanese yen | 01/05/00 | 26,990,502 | \$263,978 | \$263,695 | \$ (284) |
| Japanese yen | 01/06/00 | 12,977,533 | 126,783 | 126,789 | 6 |
| | | | | | <u>\$ (278)</u> |

Federal Income Taxes: Each Portfolio intends to qualify as a regulated investment company by complying with the requirements of the Internal Revenue Code applicable to regulated investment companies, and by distributing all of its ordinary income and net realized capital gains. Therefore, no Federal tax provision is required.

Foreign taxes withheld represents amounts withheld by foreign tax authorities, net of refunds recoverable.

NOTE C—INVESTMENTS

Net realized gains and losses on investment securities sold are determined by using the first-in, first-out method.

NOTES TO FINANCIAL STATEMENTS

At December 31, 1999, gross unrealized gains and losses for Federal income tax purposes were as follows:

| | Unrealized Gains | Unrealized Losses | Net Unrealized Gain (Loss) |
|--------------------------------|---------------------|----------------------|----------------------------------|
| International Equity Portfolio | \$ 8,012,979 | \$ 983,709 | \$ 7,029,270 |
| World Growth Stock Portfolio | 41,147,547 | 10,166,225 | 30,981,322 |
| Global Hard Assets Portfolio | 489,314 | 445,868 | 43,446 |
| Emerging Growth Portfolio | 90,391,248 | 644,963 | 89,746,285 |
| Capital Growth Portfolio | 158,014,149 | 1,207,671 | 156,806,478 |
| Small Company Portfolio | 22,299,146 | 10,236,032 | 12,063,114 |
| Growth Portfolio | 14,519,054 | 210,922 | 14,308,132 |
| Growth and Income Portfolio | 6,769,286 | 4,120,799 | 2,648,487 |
| Balanced Portfolio | 8,533,363 | 1,047,918 | 7,485,445 |
| High Yield Portfolio | 234,186 | 757,556 | (523,370) |
| Money Market Portfolio | 1,322 | — | 1,322 |

At December 31, 1999, the Emerging Growth, and Balanced Portfolios had unrealized foreign currency gains of \$2,347, and \$2,203 respectively. The International Equity, World Growth Stock, and Global Hard Assets Portfolios had unrealized foreign currency losses of \$204, \$19,679, and \$9 respectively.

At December 31, 1999, the following Portfolios had accumulated realized capital losses, for Federal income tax purposes, which are available to be used to offset future realized capital gains: the Global Hard Assets Portfolio had \$3,748,892 of which \$168,663 expires in 2007, \$3,350,893 expires in 2006, and \$229,336 expires in 2005; Small Company Portfolio had \$3,929,985 which expires in 2007, High Yield Bond Portfolio had \$389,261 of which \$261,114 expires in 2007 and \$128,147 expires in 2006; Money Market Portfolio had \$1,198 of which \$340 expires in 2007, \$400 expires in 2002, \$391 expires in 2004, and \$67 expires in 2005.

In addition, during the period from November 1, 1999 through December 31, 1999, the International Equity and Emerging Growth Portfolios incurred foreign currency losses of \$26,119, and \$36,711, respectively. The Global Hard Assets and High Yield Bond Portfolios incurred capital losses of \$8,393 and \$29,028, respectively. These losses are treated for Federal income tax purposes as if they occurred on January 1, 2000. Accordingly, during 1999 these Portfolios may have made distributions, as required by Internal Revenue Code Regulations, in excess of amounts recognized for financial reporting purposes.

At December 31, 1999, the adjusted cost basis of investments for Federal income tax purposes was \$27,449,193 for the International Equity Portfolio, \$97,772,500 for the World Growth Stock Portfolio, \$5,469,006 for the Global Hard Assets Portfolio, \$99,190,742 for the Emerging Growth Portfolio, \$201,242,666 for the Capital Growth Portfolio, \$75,913,428 for the Small Company Portfolio, \$27,716,854 for the Growth Portfolio, \$67,589,770 for the Growth and Income Portfolio, \$43,847,556 for the Balanced Portfolio, \$10,152,191 for the High Yield Bond Portfolio, and \$34,928,654 for the Money Market Portfolio.

NOTES TO FINANCIAL STATEMENTS

Purchases and sales of investment securities for the period ended December 31, 1999, other than short-term obligations, were as follows:

| | Cost of Investment Securities Purchased | Proceeds from Investment Securities Sold |
|--------------------------------|--|--|
| International Equity Portfolio | \$ 27,582,804 | \$ 17,144,567 |
| World Growth Stock Portfolio | 29,551,876 | 32,428,179 |
| Global Hard Assets Portfolio | 11,886,688 | 10,668,855 |
| Emerging Growth Portfolio | 190,216,490 | 175,876,001 |
| Capital Growth Portfolio | 167,158,878 | 105,546,954 |
| Small Company Portfolio | 109,555,156 | 114,670,762 |
| Growth Portfolio | 75,917,708 | 61,578,298 |
| Growth and Income Portfolio | 72,948,200 | 65,275,238 |
| Balanced Portfolio | 104,803,551 | 98,874,629 |
| High Yield Bond Portfolio | 5,697,196 | 4,167,031 |

NOTE D—INVESTMENT ADVISORY FEES AND MANAGEMENT AGREEMENT

The Company has entered into an investment management agreement with Jefferson Pilot Investment Advisory Corporation, "JPIA", a wholly-owned subsidiary of Jefferson-Pilot Corporation. Under the agreement, JPIA provides investment management and certain administrative services for the Company. JPIA has, in turn, retained Lombard Odier International Portfolio Management Limited to provide investment advisory services for the International Equity Portfolio; Templeton Global Advisors Limited to provide investment advisory services for the World Growth Stock Portfolio; Van Eck Associates Corporation to provide investment advisory services for the Global Hard Assets Portfolio; Lord, Abbett & Company to provide investment advisory services for the Small Company Portfolio; Strong Capital Management, Inc. to provide investment advisory services for the Growth Portfolio; Credit Suisse Asset Management, LLC, to provide investment advisory services for the Growth and Income Portfolio; Janus Capital Corporation to provide investment advisory services for the Capital Growth and Balanced Portfolios; and Massachusetts Financial Services Company to provide investment advisory services for the Emerging Growth, High Yield Bond and Money Market Portfolios. For its investment management and administrative services, JPIA is paid an annual fee through a daily charge based on a percentage of the average daily net asset value of each Portfolio as shown below:

| | First \$200 Million | Next \$1.10 Billion | Over \$1.30 Billion |
|--------------------------------|------------------------|------------------------|------------------------|
| International Equity Portfolio | 1.00% | 1.00% | 1.00% |
| World Growth Stock Portfolio | .75% | .70% | .65% |
| Global Hard Assets Portfolio | .75% | .70% | .65% |
| Emerging Growth Portfolio | .80% | .75% | .70% |
| Capital Growth Portfolio | 1.00% | .95% | .90% |
| Small Company Portfolio | .75% | .70% | .65% |
| Growth Portfolio | .75% | .75% | .75% |
| Growth and Income Portfolio | .75% | .70% | .65% |
| Balanced Portfolio | .75% | .70% | .65% |
| High Yield Bond Portfolio | .75% | .75% | .75% |
| Money Market Portfolio | .50% | .45% | .40% |

NOTES TO FINANCIAL STATEMENTS

NOTE E—SHAREHOLDERS' TRANSACTIONS

Following is a summary of transactions with shareholders for each Portfolio.

International Equity Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|----------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 1,292,588 | \$ 17,117,146 | 1,388,935 | \$ 15,009,669 |
| Shares issued as reinvestment of dividends | 4,687 | 56,828 | - | - |
| Shares redeemed | (446,527) | (6,141,255) | (21,778) | (238,051) |
| Net increase | <u>850,748</u> | <u>\$ 11,032,719</u> | <u>1,367,157</u> | <u>\$ 14,771,618</u> |

World Growth Stock Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|-------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 276,903 | \$ 6,365,605 | 394,394 | \$ 9,327,872 |
| Shares issued as reinvestment of dividends | 428,951 | 9,394,729 | 638,687 | 14,983,192 |
| Shares redeemed | (667,802) | (15,400,467) | (503,891) | (11,938,567) |
| Net increase | <u>38,052</u> | <u>\$ 359,867</u> | <u>529,190</u> | <u>\$ 12,372,497</u> |

Global Hard Assets Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|-------------------|---------------------------------|---------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 558,304 | \$ 4,852,391 | 193,513 | \$ 1,631,108 |
| Shares issued as reinvestment of dividends | 9,544 | 72,099 | 5,873 | 52,180 |
| Shares redeemed | (526,997) | (4,457,961) | (209,525) | (1,848,314) |
| Net increase (decrease) | <u>40,851</u> | <u>\$ 466,529</u> | <u>(10,139)</u> | <u>\$ (165,026)</u> |

Emerging Growth Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|----------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 842,144 | \$ 22,789,922 | 1,257,911 | \$ 24,404,057 |
| Shares issued as reinvestment of dividends | 20,335 | 468,598 | 170,978 | 3,023,470 |
| Shares redeemed | (361,203) | (9,106,230) | (490,481) | (9,317,258) |
| Net increase | <u>501,276</u> | <u>\$ 14,152,290</u> | <u>938,408</u> | <u>\$ 18,110,269</u> |

NOTES TO FINANCIAL STATEMENTS

Capital Growth Stock Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|---------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 1,812,698 | \$55,642,674 | 1,446,669 | \$ 36,281,815 |
| Shares issued as reinvestment of dividends | 583,668 | 16,688,505 | 211,952 | 4,549,478 |
| Shares redeemed | (176,653) | (5,433,744) | (407,453) | (10,141,029) |
| Net increase | <u>2,219,713</u> | <u>\$66,897,435</u> | <u>1,251,168</u> | <u>\$ 30,690,264</u> |

Small Company Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|---------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 329,975 | \$ 4,975,909 | 834,248 | \$ 15,895,855 |
| Shares issued as reinvestment of dividends | 617,583 | 9,761,271 | 422,227 | 8,677,237 |
| Shares redeemed | (619,778) | (9,407,422) | (423,026) | (8,361,687) |
| Net increase | <u>327,780</u> | <u>\$ 5,329,758</u> | <u>833,449</u> | <u>\$ 16,211,405</u> |

Growth Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|---------------------|---------------------------------|---------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 1,082,322 | \$17,287,033 | 1,007,173 | \$ 10,464,685 |
| Shares issued as reinvestment of dividends | 11,575 | 165,744 | - | - |
| Shares redeemed | (77,732) | (1,124,994) | (126,900) | (1,390,283) |
| Net increase | <u>1,016,165</u> | <u>\$16,327,783</u> | <u>880,273</u> | <u>\$ 9,074,402</u> |

Growth and Income Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|---------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 677,470 | \$13,575,173 | 1,172,029 | \$ 21,565,743 |
| Shares issued as reinvestment of dividends | 54,012 | 1,025,140 | 588,835 | 10,072,665 |
| Shares redeemed | (338,369) | (6,772,616) | (664,326) | (11,954,710) |
| Net increase | <u>393,113</u> | <u>\$ 7,827,697</u> | <u>1,096,538</u> | <u>\$ 19,683,698</u> |

NOTES TO FINANCIAL STATEMENTS

Balanced Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|---------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 730,355 | \$ 9,652,134 | 697,627 | \$ 8,776,809 |
| Shares issued as reinvestment of dividends | 299,519 | 3,800,882 | 301,238 | 3,539,231 |
| Shares redeemed | (300,362) | (3,964,482) | (163,928) | (2,058,486) |
| Net increase | <u>729,512</u> | <u>\$ 9,488,534</u> | <u>834,937</u> | <u>\$ 10,257,554</u> |

High Yield Bond Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|---------------------|---------------------------------|---------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 650,374 | \$ 6,381,383 | 1,294,477 | \$ 13,092,077 |
| Shares issued as reinvestment of dividends | 53,246 | 505,196 | - | - |
| Shares redeemed | (520,250) | (5,118,177) | (454,581) | (4,517,015) |
| Net increase | <u>183,370</u> | <u>\$ 1,768,402</u> | <u>839,896</u> | <u>\$ 8,575,062</u> |

Money Market Portfolio

| | Year Ended December 31, 1999 | | Year Ended December 31, 1998 | |
|---|---------------------------------|----------------------|---------------------------------|----------------------|
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares issued | 4,619,214 | \$ 48,821,940 | 4,602,276 | \$ 48,227,174 |
| Shares issued as reinvestment of dividends | 79,554 | 825,203 | 46,686 | 477,433 |
| Shares redeemed | (3,698,386) | (39,144,669) | (3,217,716) | (33,720,871) |
| Net increase | <u>1,000,382</u> | <u>\$ 10,502,474</u> | <u>1,431,246</u> | <u>\$ 14,983,736</u> |

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders

Jefferson Pilot Variable Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Jefferson Pilot Variable Fund, Inc. (the "Fund" comprising respectively, the International Equity, World Growth Stock, Global Hard Assets, Emerging Growth, Capital Growth, Small Company, Growth, Growth and Income, Balanced, High Yield Bond, and Money Market) (the "Portfolios") including the related schedules of portfolios investments, as of December 31, 1999, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated herein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 1999, by correspondence with the custodian and brokers, or other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the respective Portfolios constituting Jefferson Pilot Variable Fund, Inc. at December 31, 1999, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated herein, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Boston, Massachusetts
February 15, 2000

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